[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2015

SENQU MUNICIPALITY

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SENQU MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Municipality includes the following areas:

Lady Grey	*Rhodes*
Barkly East	*Herschel*
Sterkspruit	*Rossouw*

MEMBERS OF THE EXECUTIVE COMMITTEE

NY Mtyali
MW Mpelwane
GN Mbonyana
NM Kwinana
MJ Sereba
M Mafilika
J Constable

MUNICIPAL MANAGER

M M Yawa

CHIEF FINANCIAL OFFICER

C R Venter

REGISTERED OFFICE

P.O. Box 18
Lady Grey
9755

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Le Roux Attorneys
101 Cape Road
Port Elizabeth

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Amendment Act 47 of 2013
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act 20 of 2013)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Upper limits on the salaries, allowances and benefits for members of Municipal Councils for the 2014/2015 financial year (Government Gazette No. 38608)

SENQU MUNICIPALITY

MEMBERS OF THE SENQU MUNICIPALITY

WARD	COUNCILLOR
1	B.S Majodina
2	P.G. Key
3	N. Nombula
4	N. M. Kwinana
5	J Lamani
6	N.C Mraji
7	M.B Gojo
8	M.G. Moeletsi
9	A.P April
10	S. Mfisa
11	M.N Ngedane
12	M.P Bingwa
13	L.M Tokwe
14	M.J Mjali
15	S.S Ndzongana
16	M.M Mafilika
17	P.N August
18	B. Ngogodo
19	N.C Motemekoane
Proportional	G. Mbonyana
Proportional	N.Y Mtyali
Proportional	G.N Mvunyiswa
Proportional	I.S Van De Walt
Proportional	A.H Sobhuza
Proportional	I. Elia
Proportional	A. P. Kwinana
Proportional	J. Constable
Proportional	M. A Mshasha
Proportional	M. Senoamali
Proportional	N.M Nthako
Proportional	M.J Sereba
Proportional	R.M Joubert
Proportional	M.W. Mpelwane
Proportional	M.A Mangali
Proportional	S. Mziki
Proportional	I Mosisidi
Proportional	S.S Tindleni

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality’s cash flow forecast for the year to 30 June 2015 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality’s financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M M Yawa **Municipal Manager**	**Date**

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		**436,826,210**	**374,376,543**
Revaluation Reserve	**2**	16,402,298	2,041,475
Accumulated Surplus	**2**	420,423,913	372,335,068
Non-Current Liabilities		**29,589,459**	**28,474,505**
Long-term Liabilities	**3**	12,842,254	13,645,472
Employee benefits	**4**	12,388,985	11,112,914
Non-Current Provisions	**5**	4,358,220	3,716,119
Current Liabilities		**34,523,551**	**29,433,533**
Consumer Deposits	**6**	1,238,851	1,118,521
Current Employee benefits	**7**	7,830,488	6,290,305
Payables from exchange transactions	**8**	7,883,451	9,927,462
Unspent Conditional Government Grants and Receipts	**9**	16,761,727	11,300,729
Operating Lease Liability	**19.1**	6,240	4,743
Current Portion of Long-term Liabilities	**3**	802,795	791,775
Total Net Assets and Liabilities		**500,939,221**	**432,284,581**
ASSETS			
Non-Current Assets		**298,131,191**	**250,706,555**
Property, Plant and Equipment	**11**	279,610,731	237,193,097
Capitalised Restoration Cost	**12**	1,293,601	1,159,953
Investment Property	**14**	17,024,205	12,193,500
Intangible Assets	**15**	202,654	160,005
Non-Current Assets Held for Sale	**13**	**-**	**-**
Current Assets		**202,808,029**	**181,578,026**
Inventory	**16**	1,382,197	2,019,541
Receivables from exchange transactions	**17**	9,404,029	8,124,368
Receivables from non-exchange transactions	**18**	2,196,315	1,544,824
Unpaid Conditional Government Grants and Receipts	**9**	-	986,071
Operating Lease Asset	**19.2**	271,412	297,191
Taxes	**10**	6,094,235	5,616,076
Cash and Cash Equivalents	**20**	183,459,842	162,989,955
Total Assets		**500,939,221**	**432,284,581**

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 Restated - Note and Note 35 R	2014 Previously Reported R
REVENUE				
Revenue from Non-exchange Transactions		**164,129,863**	**152,758,100**	**152,758,100**
Taxation Revenue		**4,607,033**	**4,492,262**	**4,492,262**
Property taxes	21	4,607,033	4,492,262	4,492,262
Transfer Revenue		**151,993,584**	**147,213,069**	**147,213,069**
Government Grants and Subsidies - Capital	22	27,636,029	35,686,172	35,686,172
Government Grants and Subsidies - Operating	22	124,357,555	111,526,897	111,526,897
Other Revenue		**7,529,246**	**1,052,770**	**1,052,770**
Actuarial Gains		544,767	719,302	719,302
Fines		421,140	34,000	34,000
Third Party Payments		846,589	295,374	295,374
Reversal of Impairment	12	-	4,094	4,094
Gain on Fair Value Adjustments of Investment Property	14	5,716,750	-	-
Revenue from Exchange Transactions		**45,122,410**	**41,265,406**	**41,288,815**
Service Charges	23	29,278,523	26,051,651	26,051,651
Rental of Facilities and Equipment		613,671	477,529	500,938
Interest Earned - external investments		10,511,716	8,881,444	8,881,444
Interest Earned - outstanding debtors		1,969,792	1,544,494	1,544,494
Licences and Permits		1,301,031	1,548,437	1,548,437
Agency Services		575,141	1,956,462	1,956,462
Other Income	24	872,535	805,390	805,390
Total Revenue		**209,252,273**	**194,023,506**	**194,046,915**
EXPENDITURE				
Employee Related Costs	25	54,496,367	48,400,117	48,400,117
Remuneration of Councillors	26	10,399,123	9,580,309	9,580,309
Debt Impairment	27	4,554,196	5,092,904	5,092,904
Depreciation and Amortisation	28	15,774,071	11,794,120	11,766,313
Impairment	12	117,632	-	-
Repairs and Maintenance	29	4,613,355	3,344,977	3,758,247
Actuarial losses	4	-	133,513	133,513
Finance Charges	30	1,340,717	1,280,551	1,280,551
Bulk Purchases	31	20,079,250	19,424,456	19,424,456
Grants and Subsidies Paid	32	479,587	110,773	110,773
Other Operating Grant Expenditure	33	8,164,611	6,612,811	12,224,561
General Expenses	34	35,809,092	29,894,227	24,312,019
Loss on disposal of PPE/Investment Property	11	264,481	1,917,885	1,925,704
Impairment of Investment Assets	14	886,045	-	-
Impairment of Property, Plant and Equipment	11	4,184,901	-	-
Total Expenditure		**161,163,428**	**137,586,643**	**138,009,468**
NET SURPLUS FOR THE YEAR		**48,088,845**	**56,436,864**	**56,037,447**

SENQU MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		34,262,930	33,317,817
Government		158,440,654	134,304,377
Interest		10,511,716	8,881,444
Payments			
Suppliers		(80,991,139)	(67,013,601)
Employees		(51,135,346)	(46,108,360)
Finance charges		(1,340,717)	(1,280,551)
Transfers and Grants		(479,587)	(110,773)
Cash generated by operations	**37**	**69,268,510**	**61,990,352**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(48,331,283)	(52,700,572)
Proceeds on Disposal of Fixed Assets		316,074	127,662
Purchase of Intangible Assets		(111,547)	(56,351)
Net Cash from Investing Activities		**(48,126,756)**	**(52,629,261)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(792,197)	(793,324)
Increase in Consumer Deposits		120,330	169,255
Net Cash from Financing Activities		**(671,867)**	**(624,069)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**20,469,887**	**8,737,022**
Cash and Cash Equivalents at the beginning of the year		162,989,955	154,252,933
Cash and Cash Equivalents at the end of the year	**38**	183,459,842	162,989,955
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**20,469,887**	**8,737,022**

SENQU MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 30 JUNE 2013	**1,609,934**	**311,807,017**	**313,416,951**
Correction of error - Note - 35.07	-	4,091,187	4,091,187
Restated Balance at 1 JULY 2013	**1,609,934**	**315,898,204**	**317,508,138**
Net Surplus/(Deficit) for the year	-	56,436,864	56,436,864
Revaluation on Land and Buildings	431,541	-	431,541
Balance at 30 JUNE 2014	**2,041,475**	**372,335,068**	**374,376,542**
Net Surplus/(Deficit) for the year	-	48,088,845	48,088,845
Revaluation on Land and Buildings	14,360,823	-	14,360,823
Balance at 30 JUNE 2015	**16,402,298**	**420,423,913**	**436,826,210**

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Buget)	2015 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	2,163,243	1,200,000	963,243	80%	Balance of bank at year-end after year-end payments
Call investment deposits	181,296,599	116,487,176	64,809,424	56%	Increase in available cash
Consumer debtors	9,606,286	18,677,063	(9,070,777)	-49%	Anticipated effect of increased debtors
Other Receivables	8,359,704	7,062,477	1,297,227	18%	Increase in VAT Receivable
Inventory	1,382,197	2,167,120	(784,923)	-36%	More inventory consumed for capital projects
Total current assets	202,808,029	145,593,836	57,214,194		
Non current assets					
Investment property	17,024,205	8,663,500	8,360,705	97%	Restatement on Investment Properties - See note 14
Property, plant and equipment	280,904,332	273,573,810	7,330,523	3%	Revaluation on land and buildings
Intangible Assets	202,654	160,005	42,649	27%	Additions to Intangible assets
Total non current assets	298,131,191	282,397,315	15,733,877		
TOTAL ASSETS	500,939,221	427,991,150	72,948,070		
LIABILITIES					
Current liabilities					
Borrowing	802,795	812,084	(9,289)	-1%	Less paid than budgeted for
Consumer deposits	1,238,851	1,121,031	117,819	11%	Increase in Consumers
Trade and other payables	24,651,417	9,133,094	15,518,323	170%	Effect of Unspent Grants
Provisions and Employee Benefits	7,830,488	6,295,047	1,535,441	24%	Increase in Provision for Compensation Commissioner and Staff Leave
Total current liabilities	34,523,551	17,361,257	17,162,294		
Non current liabilities					
Borrowing	12,842,254	12,833,387	8,867	0%	
Provisions and Employee Benefits	16,747,205	15,029,033	1,718,172	11%	Improved calculation of landfill site provisions
Total non current liabilities	29,589,459	27,862,421	1,727,039		
TOTAL LIABILITIES	64,113,010	45,223,677	18,889,333		
NET ASSETS	436,826,210	382,767,473	54,058,737		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	294,677,385	259,603,454	35,073,931	14%	Appropriation to reserves
Reserves	142,148,825	123,164,019	18,984,806	15%	Increase in Revaluation Reserve due to Revaluation on Land and Buildings
TOTAL COMMUNITY WEALTH/EQUITY	436,826,209	382,767,473	54,058,737		

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Buget)		Explanations for material adjustments (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	1,200,000	-	1,200,000	0%	
Call investment deposits	77,750,258	38,736,918	116,487,176	33%	Increased to a more realistic amount comparing to the 2014 financial statements
Consumer debtors	14,922,694	3,754,369	18,677,063	20%	Increased to a more realistic amount comparing to the 2014 financial statements
Other Receivables	2,555,093	4,507,384	7,062,477	64%	Increased to a more realistic amount comparing to the 2014 financial statements
Inventory	4,410,517	(2,243,397)	2,167,120	-104%	Decreased to a more realistic amount comparing to the 2014 financial statements
Total current assets	100,838,562	44,755,274	145,593,836		
Non current assets					
Investment property	10,262,000	(1,598,500)	8,663,500	-18%	Decreased to restated amount on Investment Properties in the 2014 financial statements
Property, plant and equipment	295,347,832	(21,774,022)	273,573,810	-8%	Decreased to a more realistic amount comparing to the 2014 financial statements
Intangible Assets	133,132	26,873	160,005	17%	Increased to a more realistic amount comparing to the 2014 financial statements
Total non current assets	305,742,964	(23,345,649)	282,397,315		
TOTAL ASSETS	406,581,526	21,409,625	427,991,150		
LIABILITIES					
Current liabilities					
Borrowing	893,324	(81,239)	812,084	-10%	Decreased to a more realistic amount comparing to the 2014 financial statements
Consumer deposits	1,105,967	15,065	1,121,031	1%	Increased to a more realistic amount comparing to the 2014 financial statements
Trade and other payables	1,983,781	7,149,313	9,133,094	78%	Increased to a more realistic amount comparing to the 2014 financial statements
Provisions and Employee Benefits	5,971,030	324,017	6,295,047	5%	Increased to a more realistic amount comparing to the 2014 financial statements
Total current liabilities	9,954,101	7,407,156	17,361,257		
Non current liabilities					
Borrowing	12,718,896	114,491	12,833,387	1%	Increased to a more realistic amount comparing to the 2014 financial statements
Provisions and Employee Benefits	18,742,560	(3,713,527)	15,029,033	-25%	Decreased to a more realistic amount comparing to the 2014 financial statements
Total non current liabilities	31,461,457	(3,599,036)	27,862,421		
TOTAL LIABILITIES	41,415,557	3,808,120	45,223,677		
NET ASSETS	365,165,968	17,601,505	382,767,473		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	271,175,039	(11,571,585)	259,603,454	-4%	Decreased with appropriation to reserves amount for 2013/2014
Reserves	93,990,930	29,173,090	123,164,019	24%	Increase in contribution to reserves
TOTAL COMMUNITY WEALTH/EQUITY	365,165,968	17,601,505	382,767,473		

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Buget)	2015 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	4,607,033	6,201,207	(1,594,175)	-26%	Anticipated valuation roll increases
Service charges	29,278,523	23,963,192	5,315,331	22%	Increased efficiency of electricity reticulation and metering
Rental of facilities and equipment	613,671	294,675	318,996	108%	Greater demand for rental of municipal assets
Interest earned - external investments	10,511,716	6,000,000	4,511,716	75%	Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	1,969,792	1,048,418	921,374	88%	Increase in Consumer Debtors
Fines	421,140	63,600	357,540	562%	Implementation of iGRAP 1 not budgeted for
Licences and permits	1,301,031	1,208,400	92,631	8%	Service Delivery at Traffic Test Station improved
Agency services	575,141	2,228,160	(1,653,018)	-74%	Provision made in budget for agency services for Water and Sanitation function that were transferred to District Municipality
Government Grants and Subsidies - Operating	124,357,555	122,266,208	2,091,347	2%	Increased PMU activities due to increased number of projects
Other revenue	7,980,641	2,132,020	5,848,621	274%	Gains on Fair Value Adjustments of Investment Property and restatements of Investment Properties
Total Operating Revenue	181,616,244	165,405,881	16,210,363		
EXPENDITURE BY TYPE					
Employee related costs	54,496,367	61,773,916	(7,277,548)	-12%	Late appointments for vacant posts
Remuneration of councillors	10,399,123	10,760,323	(361,200)	-3%	Unknown increase of upper limits by time of budget process
Debt impairment	4,554,196	4,568,607	(14,411)	0%	
Depreciation & asset impairment	20,962,648	27,902,090	(6,939,442)	-25%	Restatements on Property, Plant and Equipment not budgeted for
Finance charges	1,340,717	1,639,149	(298,432)	-18%	Improved calculation of actual interest on landfill site
Bulk purchases	20,079,250	28,544,741	(8,465,490)	-30%	Increase efficiency of electricity reticulation and metering
Grants and subsidies paid	479,587	483,000	(3,413)	-1%	Paid less than budgeted for
Other expenditure	48,587,058	53,382,610	(4,795,552)	-9%	Improved expenditure control management
Loss on disposal of PPE	264,481	-	264,481	100%	Did not predict loss on disposals of assets
Total Operating Expenditure	161,163,428	189,054,435	(27,891,008)		
Operating Surplus/(Deficit) for the year	20,452,816	(23,648,555)	44,101,371		
Government Grants and Subsidies - Capital	27,636,029	36,513,171	(8,877,142)	-24%	Unspent MIG funding comitted to projects already initiated
Net Surplus for the year	48,088,845	12,864,617	35,224,228		

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Buget)		Explanations for material adjustments (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	4,520,998	1,680,209	6,201,207	27%	Anticipated valuation roll increases
Service charges	23,163,192	800,000	23,963,192	3%	Increase efficiency of electricity reticulation and metering
Rental of facilities and equipment	294,675	-	294,675	0%	
Interest earned - external investments	6,000,000	-	6,000,000	0%	
Interest earned - outstanding debtors	898,418	150,000	1,048,418	14%	Increase in Consumer Debtors
Fines	63,600	-	63,600	0%	
Licences and permits	1,208,400	-	1,208,400	0%	
Agency services	2,228,160	-	2,228,160	0%	
Government Grants and Subsidies - Operating	119,987,509	2,278,699	122,266,208	2%	Adjustment for Unspent grants in the 2014 financial statements
Other revenue	386,520	1,745,500	2,132,020	82%	Gains on Fair Value Adjustments of Investment Property
Total Operating Revenue	158,751,473	6,654,408	165,405,881		
EXPENDITURE BY TYPE					
Employee related costs	55,967,164	5,806,752	61,773,916	9%	Increased to a more realistic amount after organisational restructuring
Remuneration of councillors	10,630,123	130,200	10,760,323	1%	Increased to a more realistic amount comparing to the 2014 financial statements
Debt impairment	4,568,607	-	4,568,607	0%	
Depreciation & asset impairment	17,105,118	10,796,972	27,902,090	39%	Impairment of Property, Plant and Equipment budgeted for
Finance charges	1,639,149	-	1,639,149	0%	
Bulk purchases	28,544,741	-	28,544,741	0%	
Grants and subsidies paid	150,000	333,000	483,000	69%	Joe Geda subsidy budgeted for
Other expenditure	70,975,338	(17,592,728)	53,382,610	-33%	Improved expenditure control management
Total Operating Expenditure	189,580,240	-525,805	189,054,435		
Operating Surplus/(Deficit) for the year	(30,828,767)	7,180,213	(23,648,555)		
Government Grants and Subsidies - Capital	44,614,393	(8,101,222)	36,513,171	-22%	Correction of budget
Net Surplus/(Deficit) for the year	13,785,626	(921,009)	12,864,617		

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Buget)	2015 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	34,262,930	22,034,570	12,228,359	55%	Improved debt contol above estimates
Government	158,440,654	158,993,480	(552,827)	0%	
Interest	10,511,716	7,048,418	3,463,298	49%	Improved budgetary control and investment of excess fund
Payments					
Suppliers and Employees	(132,126,485)	(166,917,536)	34,791,051	-21%	Late appointments for vacant posts, Increase efficiency of electricity reticulation and metering
Finance charges	(1,340,717)	(1,639,149)	298,432	-18%	Improved calculation of actual interest on landfill site
Transfers and Grants	(479,587)	(483,000)	3,413	-1%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	69,268,510	19,036,784	50,231,726		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of Assets	316,074	-	316,074		Sale of assets not budgeted for
Payments					
Capital assets	(48,442,830)	(63,550,299)	15,107,469	-24%	Capital projects delayed
NET CASH FROM/(USED) INVESTING ACTIVITIES	(48,126,756)	(63,550,299)	15,423,544		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase/(decrease) in consumer deposits	120,330	2,511	117,819	4693%	Increased to a more realistic amount comparing to the 2014 financial statements
Payments					
Repayment of borrowing	(792,197)	(791,775)	(422)	0%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(671,866)	(789,264)	117,397		
NET INCREASE/(DECREASE) IN CASH HELD	20,469,887	(45,302,779)	65,772,667		
Cash and Cash Equivalents at the beginning of the year	162,989,955	162,989,955	-	0%	
Cash and Cash Equivalents at the end of the year	183,459,842	117,687,176	65,772,667	56%	Result of Increased revenue, improved control and part under-expenditure

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	30,774,634	(8,740,064)	22,034,570	-40%	Anticipated recoverability of debt
Government	164,601,902	(5,608,422)	158,993,480	-4%	Adjustment of MIG allocation
Interest	6,898,418	150,000	7,048,418	2%	Result of improved investment activities
Payments					
Suppliers and Employees	(170,032,169)	3,114,633	(166,917,536)	-2%	Result of late appointments and expenditure control
Finance charges	(1,639,149)	-	(1,639,149)	0%	
Transfers and Grants	(150,000)	(333,000)	(483,000)	69%	Joe Geda subsidy
NET CASH FROM/(USED) OPERATING ACTIVITIES	30,453,636	(11,416,852)	19,036,784		
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Capital assets	(56,206,100)	(7,344,199)	(63,550,299)	12%	Increased capital projects from own funding
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56,206,100)	(7,344,199)	(63,550,299)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase/(decrease) in consumer deposits	81,923	(79,413)	2,511	-3163%	Decreased to a more realistic amount comparing to the 2014 financial statements
Payments					
Repayment of borrowing	(827,151)	35,377	(791,775)	-4%	Decreased to a more realistic amount comparing to the 2014 financial statements
NET CASH FROM/(USED) FINANCING ACTIVITIES	(745,228)	(44,036)	(789,264)		
NET INCREASE/(DECREASE) IN CASH HELD	(26,497,693)	(18,805,087)	(45,302,779)		
Cash and Cash Equivalents at the beginning of the year	105,447,950	57,542,005	162,989,955	35%	Increased to a more realistic amount comparing to the 2014 financial statements
Cash and Cash Equivalents at the end of the year	78,950,258	38,736,918	117,687,176	33%	Increased to a more realistic amount comparing to the 2014 financial statements

		2015 R	2014 R
2	**NET ASSET RESERVES**		
2.1	**Reserves**	16,402,298	2,041,475
	Revaluations Reserve	16,402,298	2,041,475
	Balance previously reported	-	2,058,390
	Revaluation on Land and Buildings for 2013/2014 previously not recognised - Note 35.04	-	5,245
	Reclassification of Land and Buildings to Investment Propery - 1 July 2013 - at Fair value - Note 35.04	-	(22,161)
	Total Net Asset Reserve and Liabilities	**16,402,298**	**2,041,475**

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

2.2 Accumulated Surplus

The following internal funds and reserves are ring-fenced within the Accumulated Surplus

	2015 R	2014 R
Capital Replacement Reserve	104,617,764	99,138,779
Employee Benefits Reserve	20,219,473	17,403,219
Valuation Roll Reserve	909,291	613,936
Accumulated Surplus due to the results of operations	294,677,385	255,179,134
Total Accumulated Surplus	**420,423,913**	**372,335,068**

The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.

The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.

The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

3 LONG-TERM LIABILITIES

	2015 R	2014 R
Annuity Loans - At amortised cost	13,645,050	14,437,246
	13,645,050	**14,437,246**
Less: Current Portion transferred to Current Liabilities	**802,795**	**791,775**
Annuity Loans - At amortised cost	802,795	791,775
Total Long-term Liabilities - At amortised cost using the effective interest rate method	**12,842,254**	**13,645,472**

Development Bank Loan

The fair value of Long- Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	1,868,301	1,904,768
Payable within two to five years	6,790,715	6,993,162
Payable after five years	13,353,580	14,975,341
	22,012,596	23,873,271
Less: Future finance obligations	(8,367,546)	(9,436,025)
Present value of annuity obligations	**13,645,050**	**14,437,246**

4 EMPLOYEE BENEFITS	2015 R	2014 R
Post Retirement Medical Benefits - Refer to Note 4.1	11,341,154	10,219,272
Long Service Awards - Refer to Note 4.2	1,047,831	893,642
Total Non-current Employee Benefit Liabilities	**12,388,985**	**11,112,914**

Post Retirement Medical Benefits

Balance 1 July	10,450,884	9,696,746
Contribution for the year	1,907,965	1,679,303
Expenditure for the year	(233,044)	(205,863)
Actuarial Gain	(523,171)	(719,302)
Total post retirement medical benefits 30 June	**11,602,634**	**10,450,884**
Less: Transfer of Current Portion - Note 7	(261,480)	(231,612)
Balance 30 June	**11,341,154**	**10,219,272**

Long Service Awards

Balance 1 July	1,043,732	833,277
Contribution for the year	262,241	255,954
Expenditure for the year	(88,337)	(179,012)
Actuarial Loss/(Gain)	(21,596)	133,513
Total long service 30 June	**1,196,040**	**1,043,732**
Less: Transfer of Current Portion - Note 7	(148,209)	(150,090)
Balance 30 June	**1,047,831**	**893,642**

TOTAL NON-CURRENT EMPOLYEE BENEFITS

Balance 1 July	11,494,616	10,530,023
Contribution for the year	2,170,206	1,935,257
Expenditure for the year	(321,381)	(384,875)
Actuarial Loss/(Gain)	(544,767)	(585,789)
Total employee benefits 30 June	**12,798,674**	**11,494,616**
Less: Transfer of Current Portion - Note 7	(409,689)	(381,702)
Balance 30 June	**12,388,985**	**11,112,914**

4.1 Post Retirement Medical Benefits

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	119	108
Continuation members (e.g. Retirees, widows, orphans)	6	6
Total Members	**125**	**114**

The liability in respect of past service has been estimated to be as follows:

In-service members	8,206,306	7,298,813
Continuation members	3,396,328	3,152,071
Total Liability	**11,602,634**	**10,450,884**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R (million)	2012 R (million)	2011 R (million)
Total Liability	9.697	11.204	8.952

Experience adjustments were calculated as follows:	2015 R (million)	2015 R (million)	2014 R (million)	2012 R (million)
Liabilities: (Gain) / loss	(0.334)	(1.344)	(1.777)	0.341
Assets: Gain / (loss)	-	-	-	-

4 EMPLOYEE BENEFITS (CONTINUED)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Discovery
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 1 126 941, whereas the Interest Cost for the next year is estimated to be R 1 039 397.

Key actuarial assumptions used:	2015 %	2014 %
i) Rate of interest		
Discount rate	9.06%	9.16%
Health Care Cost Inflation Rate	8.12%	8.32%
Net Effective Discount Rate	0.87%	0.78%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Position are as follows:	2015 R	2014 R
Present value of fund obligations	11,602,634	10,450,884
Net liability	**11,602,634**	**10,450,884**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	10,450,884	9,696,746
Total expenses	1,674,921	1,473,440
Current service cost	960,750	801,985
Interest Cost	947,215	877,318
Benefits Paid	(233,044)	(205,863)
Actuarial (gains)/losses	(523,171)	(719,302)
Present value of fund obligation at the end of the year	11,602,634	10,450,884
Less: Transfer of Current Portion - Note 7	(261,480)	(231,612)
Balance 30 June	**11,341,154**	**10,219,272**

4 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Accrued Liability for year ending 30 June 2015

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	8.206	3.396	11.603	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	10.137	3.704	13.841	19%
Health care inflation	-1%	6.716	3.125	9.841	-15%
Discount Rate	1%	6.738	3.129	9.868	-15%
Discount Rate	-1%	10.139	3.704	13.843	19%
Post-retirement mortality	-1 year	8.490	3.543	12.033	4%
Average retirement age	-1 year	9.020	3.396	12.416	7%
Continuation of membership at retirement	-10%	7.428	3.396	10.824	-7%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		960,800	947,200	1,908,000	
Health care inflation	1%	1,203,700	1,131,500	2,335,200	22%
Health care inflation	-1%	774,900	801,400	1,576,300	-17%
Discount Rate	1%	784,700	891,300	1,676,000	-12%
Discount Rate	-1%	1,193,100	1,008,300	2,201,400	15%
Post-retirement mortality	-1 year	993,800	982,900	1,976,700	4%
Average retirement age	-1 year	1,084,900	1,009,700	2,094,600	10%
Withdrawal Rate	-50%	870,500	884,000	1,754,500	-8%

4.2 Long Service Bonuses	-	-

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	210	218

The Current-service Cost for the ensuing year is estimated to be R 206 702, whereas the Interest Cost for the next year is estimated to be R 87 980.

Key actuarial assumptions used:	2015 %	2014 %
i) Rate of interest		
Discount rate	7.83%	7.82%
General Salary Inflation (long-term)	7.00%	7.07%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.78%	0.70%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

4 EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the Statement of Financial Position are as follows:	**2015 R**	**2014 R**
Present value of fund obligations	1,196,040	1,043,732
Net liability	**1,196,040**	**1,043,732**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	**2012 R**	**2011 R**
Total Liability	833,277	951,858	842,594

Experience adjustments were calculated as follows:	**2015**	**2014**	**2012**	**2011**
Liabilities: (Gain) / loss	45,216	87,434	(125,553)	10,204
Assets: Gain / (loss)	-	-	-	-

Reconciliation of present value of fund obligation:	**2015 R**	**2014 R**
Present value of fund obligation at the beginning of the year	1,043,732	833,277
Total expenses	173,904	76,942
Current service cost	186,373	200,448
Interest Cost	75,868	55,506
Benefits Paid	(88,337)	(179,012)
Actuarial (gains)/losses	(21,596)	133,513
Present value of fund obligation at the end of the year	1,196,040	1,043,732
Less: Transfer of Current Portion - Note 7	(148,209)	(150,090)
Balance 30 June	**1,047,831**	**893,642**

Sensitivity Analysis on changes to the Unfunded Accrued Liability for the year ending 30 June 2015

Assumption	**Change**	**Liability (in R Millions)**	**% change**
Central assumptions		1.196	
General salary inflation	1%	1.260	5%
General salary inflation	-1%	1.137	-5%
Discount Rate	1%	1.133	-5%
Discount Rate	-1%	1.266	6%
Average retirement age	-2 yrs	1.138	-5%
Average retirement age	2 yrs	1.251	5%
Withdrawal rate	-50%	1.461	22%

Assumption	**Change**	**Current-service Cost (R)**	**Interest Cost (R)**	**Total (R)**	**% change**
Central Assumption		186,400	75,900	262,300	
General salary inflation	1%	199,100	80,300	279,400	7%
General salary inflation	-1%	174,800	71,800	246,600	-6%
Discount Rate	1%	174,100	80,600	254,700	-3%
Discount Rate	-1%	200,100	70,400	270,500	3%
Average retirement age	-2 yrs	175,800	70,800	246,600	-6%
Average retirement age	+2 yrs	196,700	81,600	278,300	6%
Withdrawal Rate	-50%	246,500	94,200	340,700	30%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

		2015	2014
4	**EMPLOYEE BENEFITS (CONTINUED)**	**R**	**R**

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the Cape Joint Pension Fund was for the year ended 30 June 2014 and revealed that the fund is in a sound financial position with a funding level of 100.0% (30 June 2013 - 99.80%). The last actuarial valuation performed for the Cape Retirement Fund was for the year ended 30 June 2014 and revealed that the fund is in a sound financial position with a funding level of 99.90% (30 June 2013 - 105.10%).

	2015	2014
Contributions paid recognised in the Statement of Financial Performance	**3,947,243**	**3,184,394**

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

	2015	2014
SALA Pension Fund	683,452	657,714
SAMWU National Provident Fund	79,358	77,749
Liberty Life	-	2,832
	762,811	**738,295**

5 NON-CURRENT PROVISIONS

	2015	2014
Provision for Rehabilitation of Landfill-sites	4,358,220	3,716,119
Total Non-current Employee Benefit Liabilities	**4,358,220**	**3,716,119**

Landfill Sites

	2015	2014
Balance 1 July	3,716,119	3,527,111
Additions	447,437	22,944
Unwinding of discounted interest	194,664	166,064
Total provision 30 June	**4,358,220**	**3,716,119**

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

Location	**Estimated decommission date as at 30 June 2015**	**2015 R**	**2014 R**
Barkly East	2022	718,586	882,988
Lady Grey	2038	692,263	844,195
Sterkspruit	2024	1,500,615	694,982
Rhodes	2041	717,878	667,996
Rossouw	2016	728,878	625,959
		4,358,220	**3,716,119**

6 CONSUMER DEPOSITS

	2015	2014
Electricity	1,238,851	1,118,521
Total Consumer Deposits	**1,238,851**	**1,118,521**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

		2015	2014
7	**CURRENT EMPLOYEE BENEFITS**	R	R
	Current Portion of Post Retirement Benefits - Note 4	261,480	231,612
	Current Portion of Long-Service Provisions - Note 4	148,209	150,090
	Bonuses	1,653,280	1,430,822
	Performance Bonuses	1,357,050	1,295,673
	Compensation for injuries on duty contribution	1,301,280	712,960
	Staff Leave	3,109,190	2,469,148
	Total Current Employee Benefits	**7,830,488**	**6,290,305**

The movement in current employee benefits are reconciled as follows:

Post Retirement Benefits

	2015	2014
Balance at beginning of year	231,612	203,208
Adjustment from non-current	29,868	28,404
Balance at end of year	**261,480**	**231,612**

Long-service Awards

	2015	2014
Balance at beginning of year	150,090	106,233
Adjustment from non-current	(1,881)	43,857
Balance at end of year	**148,209**	**150,090**

Bonuses

	2015	2014
Balance at beginning of year	1,430,822	1,005,015
Contribution to provision	222,458	425,807
Balance at end of year	**1,653,280**	**1,430,822**

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

Performance Bonuses

	2015	2014
Balance at beginning of year	1,295,673	2,098,972
Contribution to provision	1,332,142	1,104,824
Expenditure incurred	(1,270,765)	(1,908,123)
Balance at end of year	**1,357,050**	**1,295,673**

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Compensation for injuries on duty contribution

	2015	2014
Balance at beginning of year	712,960	-
Contribution to provision	588,320	712,960
Balance at end of year	**1,301,280**	**712,960**

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. There is no possibility of reimbursement.

Staff Leave

	2015	2014
Balance at beginning of year	2,469,148	2,063,241
Contribution to provision	1,609,614	1,496,853
Expenditure incurred	(969,573)	(1,090,946)
Balance at end of year	**3,109,190**	**2,469,148**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

8 PAYABLES FROM EXCHANGE TRANSACTIONS

	2015 R	2014 R
Other Payables	1,172,783	779,114
Deposits: Other	22,358	24,483
Payments received in advance	911,189	869,687
Retentions	895,284	3,364,093
DBSA Interest Accrual	279,836	288,085
Over payment of Neighbourhood Development Partnership Grant by National Treasury	4,602,000	4,602,000
Total Trade Payables	**7,883,451**	**9,927,462**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

	2015 R	2014 R
Unspent Grants	16,761,727	11,300,729
National Government Grants	6,852,755	2,010,056
Provincial Government Grants	9,908,972	9,290,673
Less: Unpaid Grants	-	986,071
National Government Grants	-	986,071
Total Conditional Grants and Receipts	**16,761,727**	**10,314,658**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.
Application for roll-overs was submitted to National Treasury.

The following DORA allocations were withheld for the Neighbourhood Development Partnership Grant due to the fact that excess funds had been received to date, compared to the value of project approvals.

	2015	2014
	-	1,287,000

10 TAXES

	2015 R	2014 R
10.01 VAT PAYABLE		
VAT Payable	2,017,978	1,591,534
Less: Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	(1,509,661)	(1,680,095)
Total Vat payable	**508,317**	**(88,561)**
10.02 VAT RECEIVABLE		
VAT Receivable	6,602,552	5,527,514
Total VAT receivable	**6,602,552**	**5,527,514**
10.03 NET VAT RECEIVABLE/(PAYABLE)	**6,094,235**	**5,616,076**

VAT is payable/receivable on the cash basis.

11 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2015 R	2014 R

Assets pledged as security:

No assets are pledged as security for Senqu Municipality

Effect of changes in accounting estimates

The useful lives and the residual values of Property, Plant and Equipment have been reviewed at year end. The effect of the changes are shown below:

	2015 R	2016 R	2017 R
Effect on Property, plant and equipment	215,518	215,518	215,518

12 CAPITALISED RESTORATION COST

	2015 R	2014 R
Net Carrying amount at 1 July	**1,159,953**	**1,285,328**
Cost	2,383,857	2,360,913
Accumulated Depreciation	(1,094,617)	(942,204)
Accumulated Impairments	(129,287)	(133,381)
Acquisitions	447,437	22,944
Depreciation for the year	(196,157)	(152,413)
Impairment	(117,632)	-
Reversal of Impairment	-	4,094
Net Carrying amount at 30 June	**1,293,601**	**1,159,953**
Cost	2,831,294	2,383,857
Accumulated Depreciation	(1,290,774)	(1,094,617)
Accumulated Impairments	(246,919)	(129,287)

13 NON-CURRENT ASSETS HELD FOR SALE

	2015 R	2014 R
Balance previously reported	-	1,557
Change in Accounting Policy - Transfer balance to Property, Plant and Equipment i.t.o GRAP 100 - Note 36	-	(1,557)
Non-current assets held for sale at end of year	-	-

Non-current assets are items written off and sold at auctions during the financial year.

14 INVESTMENT PROPERTY

	2015 R	2014 R
Net Carrying amount at 1 July	**12,193,500**	**12,193,500**
Fair Value	12,193,500	12,193,500
Balance previously reported	-	8,663,500
Correction of Investment Property incorrectly capitalised - 1 July 2013 - Note 35.02	-	(4,782,500)
Investment Property previously not recognised - 1 July 2013 - Note 35.02	-	5,208,000
Reclassification of Property, Plant and Equipment to Investment Propery - 1 July 2013 - Note 35.02	-	3,104,500
Fair Value Adjustment	5,716,750	-
Impairment	(886,045)	-
Net Carrying amount at 30 June	**17,024,205**	**12,193,500**
Fair Value	17,024,205	12,193,500

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The valuations were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration numer 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.

15 INTANGIBLE ASSETS

	2015 R	2014 R
Computer Software		
Net Carrying amount at 1 July	**160,005**	**181,180**
Cost	568,304	567,136
Accumulated Amortisation	(408,299)	(385,956)
Acquisitions	111,547	56,351
Disposals	(789)	(2,312)
Amortisation	(68,109)	(75,215)
Net Carrying amount at 30 June	**202,654**	**160,005**
Cost	624,668	568,304
Accumulated Amortisation	(423,537)	(408,299)

No intangible asset was assessed as having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

16 INVENTORY

	2015 R	2014 R
Electricity materials	1,382,197	2,019,541
Balance previously reported	-	1,606,271
Correction of Stock used for Electricity - 2013/2014 - Note 35.03	-	413,270
Total Inventory	**1,382,197**	**2,019,541**

No inventory assets were pledged as security for liabilities.

17 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2015 R	2014 R
Service Receivables		
Electricity	15,386,581	11,772,196
Housing Rentals	105,380	165,166
Balance previously reported	-	266,936
Correction of Housing Rentals opening balance incorrectly disclosed - Note 35.06	-	(101,770)
Refuse	5,076,489	4,111,834
Other Arrears	5,633,087	5,691,606
Joe Gqabi District Municipality (Water Services Authority)	4,954,627	4,954,627
Payments in advance	678,460	736,979
Total Service Receivables	**26,201,538**	**21,740,802**
Less: Allowance for Doubtful Debts	(16,797,509)	(13,616,434)
Net Service Receivables	**9,404,029**	**8,124,368**
Total Net Receivables from Exchange Transactions	**9,404,029**	**8,124,368**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

	2015 R	2014 R
Current (0 - 30 days)	3,243,302	2,784,516
31 - 60 Days	1,092,966	1,028,794
61 - 90 Days	772,177	587,095
+ 90 Days	10,509,008	7,735,731
Payment received in advance	(230,871)	(363,940)
Total	**15,386,581**	**11,772,196**

17 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2015 R	2014 R
(Housing Rentals): Ageing		
Current (0 - 30 days)	16,588	8,886
31 - 60 Days	6,291	6,653
61 - 90 Days	4,056	5,139
+ 90 Days	181,403	259,741
Payment received in advance	(102,959)	(115,253)
Total - Restated 2014	**105,380**	**165,166**

	2015 R	2014 R
(Refuse): Ageing		
Current (0 - 30 days)	229,796	210,505
31 - 60 Days	155,295	133,676
61 - 90 Days	130,119	113,755
+ 90 Days	4,905,910	3,911,683
Payment received in advance	(344,630)	(257,786)
Total	**5,076,489**	**4,111,834**

	2015 R	2014 R
(Other): Ageing		
Current (0 - 30 days)	678,460	736,979
+ 90 Days	4,954,627	4,954,627
Total	**5,633,087**	**5,691,606**

Reconciliation of Provision for Bad Debts

	2015 R	2014 R
Balance at beginning of year	**13,616,434**	**9,474,829**
Contribution to provision	3,181,075	4,723,637
Bad Debts (written off)	-	(582,032)
Balance at end of year	**16,797,509**	**13,616,434**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2015 R	2014 R
Service Receivables		
Rates	7,256,633	6,527,816
Payments in advance	232,730	132,709
Traffic fines income due	339,800	-
Other Receivables	1,421,528	735,988
Total Service Receivables	**9,250,691**	**7,396,512**
Less: Allowance for Doubtful Debts	(7,054,376)	(5,851,689)
Net Service Receivables	**2,196,315**	**1,544,824**
Total Net Receivables from Non-Exchange Transactions	**2,196,315**	**1,544,824**

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Ageing of Receivables from Non-Exchange Transactions

	2015 R	2014 R
(Rates): Ageing		
Current (0 - 30 days)	47,205	98,249
31 - 60 Days	168,195	164,832
61 - 90 Days	133,881	147,145
+ 90 Days	7,140,081	6,250,299
Payment received in advance	(232,730)	(132,709)
Total	**7,256,633**	**6,527,816**

18 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The ageing of amounts past due but not impaired is as follows:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2015			
1 month past due	664,345	45,407	709,752
2 + months past due	1,123,325	727,011	1,850,336
Total	**1,787,670**	**772,418**	**2,560,088**
2014			
1 month past due	456,759	40,872	497,631
2 + months past due	562,215	720,544	1,282,759
Total	**1,018,974**	**761,415**	**1,780,390**

All Non-Government debtors were either specifically impaired or subject to collective impairment.

Trade and other receivables impaired

2015

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	16,797,509	7,054,376	23,851,885

2014

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	13,616,434	5,851,689	19,468,123

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of trade and other receivables approximates their carrying amounts.

The increase in the impairment amount for non-exchange transactions is as a result of the implementation of 1GRAP1 on traffic fines. See Note 27 for more details.

Reconciliation of the Total doubtful debt provision	2015 R	2014 R
Balance at beginning of the year	5,851,689	4,845,700
Contributions to provision	1,202,687	1,099,727
Bad Debts (written off)	-	(93,738)
Balance at end of year	**7,054,376**	**5,851,689**

The provision for bad debts relates to the outstanding rates balance as well as impairment of traffic fines.

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality’s large number of customers. The municipality’s historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality’s trade receivables.

19 OPERATING LEASE ARRANGEMENTS

19.1 The Municipality as Lessee

	2015 R	2014 R
Balance on 1 July	4,743	1,340
Movement during the year	1,497	3,402
Balance on 30 June	**6,240**	**4,743**

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

	2015 R	2014 R
Up to 1 Year	27,782	25,724
1 to 5 Years	51,047	78,829
Total Operating Lease Arrangements	**78,829**	**104,553**

19.2 The Municipality as Lessor

	2015 R	2014 R
Balance on 1 July	297,191	83,370
Correction on Operating Lease Asset Opening balance - Note 35.05	-	228,146
Restated Balance on 1 July	297,191	311,516
Movement during the year	(25,780)	(14,325)
Balance previously reported	-	9,084
Correction on Operating Lease Asset movement for 2013/2014 - Note 35.05	-	(23,409)
Balance on 30 June	**271,412**	**297,191**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2015 R	2014 R
Up to 1 Year	628,440	483,811
1 to 5 Years	1,136,889	1,741,110
More than 5 Years	-	24,218
Total Operating Lease Arrangements - Restated 2014	**1,765,328**	**2,249,140**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for peroids ranging until 2020

20 CASH AND CASH EQUIVALENTS

Assets

	2015 R	2014 R
Call and short-term Investments Deposits	181,296,599	161,791,490
Primary Bank Account	2,162,543	1,197,764
Cash Floats	700	700
Total Cash and Cash Equivalents - Assets	**183,459,842**	**162,989,955**

The municipality has the following bank account:

Current Accounts

	2015 R	2014 R
Standard Bank - Lady Grey Branch - Account Number 28 063 130 8	2,162,543	1,197,764
	2,162,543	**1,197,764**

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

	2015 R	2014 R
Cash book balance at beginning of year	1,197,764	1,176,531
Cash book balance at end of year	2,162,543	1,197,764
Bank statement balance at beginning of year	1,136,813	911,904
Bank statement balance at end of year	2,130,982	1,136,813

Call Investment Deposits

Call investment deposits consist out of the following accounts:

	2015 R	2014 R
Standard Bank 388489162/0	109,686,180	94,401,078
Standard Bank 388489731/0	64,118,799	60,292,185
Standard Bank 388486066/0	7,491,620	7,098,227
	181,296,599	161,791,490

21 PROPERTY RATES

	2015 R	2014 R
Actual		
Rateable Land and Buildings	6,043,232	6,230,137
Residential Property	2,031,485	2,430,344
Commercial Property	1,061,489	990,097
Agricultural Purposes	2,233,095	2,120,045
State - National / Provincial Services	196,486	186,578
Vacant Property	520,676	503,072
Less: Rebates	(1,436,199)	(1,737,875)
Total Assessment Rates	**4,607,033**	**4,492,262**
Valuations		
Rateable Land and Buildings	2,505,099,060	2,593,389,060
Residential Property	375,783,000	473,977,000
Commercial Property	162,033,500	162,311,000
Public Benefits Organisations	40,715,000	40,733,500
Agricultural Purposes	1,625,534,060	1,625,803,060
State - National / Provincial Services	36,346,000	36,584,000
Municipal Property	203,287,000	189,829,000
Vacant Property	61,400,500	64,151,500
Total Assessment Rates	**2,505,099,060**	**2,593,389,060**

The decrease in valuations is of residential property is due to the objections and appeals processes as well as the resultant changes from other categories of property.

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012.

Rates:		
Residential	0.5406c/R	0.5100c/R
Commercial	0.6466c/R	0.6100c/R
Agricultural	0.1378c/R	0.1300c/R
State - National / Provincial Services	0.5406c/R	0.5100c/R
Vacant Property	0.8480c/R	0.8000c/R

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

22 GOVERNMENT GRANTS AND SUBSIDIES

	2015 R	2014 R
Unconditional Grants	**110,942,000**	**98,133,000**
Equitable Share - Refer to Note 22.01	110,942,000	98,133,000
Conditional Grants	**41,051,584**	**49,080,069**
National: Municipal Infrastructure Grant (MIG)	30,009,229	40,672,772
National: Municipal Finance Management (MFMA)	1,600,000	1,550,000
National: Municipal Systems Improvement Grant	934,000	890,000
National: Neighbourhood Development Partnership Grant	-	-
National: Expanded Public Works Program	1,976,000	2,160,000
National: Dept Sport (Youth Development - Sport Fields)	3,064,460	1,398,033
Prov Gov - Housing (Hillside)	-	220,771
Vuna Awards	359,596	110,404
Alien Vegetation Eradication	1,908,299	878,088
Libraries	1,200,000	1,200,000
Total Government Grants and Subsidies	**151,993,584**	**147,213,069**
Government Grants and Subsidies - Capital	27,636,029	35,686,172
Government Grants and Subsidies - Operating	124,357,555	111,526,897
	151,993,584	**147,213,069**

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2015 R	2014 R
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	110,942,000	98,133,000
	Executive & Council	500,000	490,000
	Budget & Treasury	2,393,596	2,060,404
	Planning & Development	1,908,299	878,088
	Community & Social Services	3,035,244	4,120,621
	Housing	-	220,771
	Sport & Recreation	12,816,133	2,221,294
	Waste Management	131,986	250,912
	Road Transport	20,150,687	38,837,978
	Electricity	115,640	-
		151,993,584	**147,213,069**

The municipality does not expect any significant changes to the level of grants. No grants had been withheld.

		2015 R	2014 R
22.01	**Equitable share**	**110,942,000**	**98,133,000**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

22.02 ***National: Municipal Infrastructure Grant (MIG)***

	2015 R	2014 R
Balance unspent at beginning of year	(986,071)	11,733,701
Current year receipts	35,838,000	27,953,000
Conditions met - transferred to revenue	(30,009,229)	(40,672,772)
Balance transferred to current (assets)/liabilities	**4,842,699**	**(986,071)**

Municipal Infrastructure Grant was utilised to construct roads, pavement, community centres and storm water channels in Senqu.

22.03 ***National: Municipal Finance Management (MFMA)***

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	1,600,000	1,550,000
Conditions met - transferred to revenue	(1,600,000)	(1,550,000)
Balance transferred to current liabilities	**-**	**-**

Municipal Finance Management grant was used to implement the reforms of the MFMA.

22.04 ***National: Municipal Systems Improvement Grant***

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
Balance transferred to current liabilities	**-**	**-**

The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register.

22.05 ***National: Neighbourhood Development Partnership Grant***

	2015 R	2014 R
Balance unspent at beginning of year	2,010,056	7,919,056
Returned to the National Revenue Fund	-	(1,307,000)
Transferred to Trade Payables - Note 8	-	(4,602,000)
Balance transferred to current liabilities	**2,010,056**	**2,010,056**

The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2015 R	2014 R

22.06 ***National: Expanded Public Works Program***

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	1,976,000	2,160,000
Conditions met - transferred to revenue	(1,976,000)	(2,160,000)
Balance transferred to current liabilities	**-**	**-**

The EPWP was utilised to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

22.07 ***National: Dept Sport (Youth Development - Sport Fields)***

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	3,064,460	1,398,033
Conditions met - transferred to revenue	(3,064,460)	(1,398,033)
Balance transferred to current liabilities	**-**	**-**

The Department of Sport grant was utilised to provide new and improved sport facilities within the Senqu area.

22.08 ***Prov Gov - Housing (Hillside)***

	2015 R	2014 R
Balance unspent at beginning of year	232,651	453,423
Conditions met - transferred to revenue	-	(220,771)
Balance transferred to current liabilities	**232,651**	**232,651**

The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.

22.09 ***Herschel People's Housing***

	2015 R	2014 R
Balance unspent at beginning of year	8,053,512	7,719,169
Current year receipts - Interest	393,393	334,344
Balance transferred to current liabilities	**8,446,905**	**8,053,512**

The grant was received to be utilised for housing projects within the Senqu area.

22.10 ***Vuna Awards***

	2015 R	2014 R
Balance unspent at beginning of year	359,596	-
Current year receipts	-	470,000
Conditions met - transferred to revenue	(359,596)	(110,404)
Balance transferred to current liabilities	**-**	**359,596**

The Vuna Awards grant was a monetary prize won by Senqu Municipality in the Vuna awards contest in February 2014. The funds was utilized towards addressing any matters raised in the audit reports which prevented the municipality from obtaining a Clean Audit.

22.11 ***Alien Vegetation Eradication***

	2015 R	2014 R
Balance unspent at beginning of year	644,912	-
Current year receipts	2,492,800	1,523,000
Conditions met - transferred to revenue	(1,908,299)	(878,088)
Balance transferred to current liabilities	**1,229,414**	**644,912**

The grant was received from the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to remove alien species and thereafer conduct land rehabilitation within the area.

22.12 ***Libraries***

	2015 R	2014 R
Balance unspent at beginning of year	-	-
Current year receipts	1,200,000	1,200,000
Conditions met - transferred to revenue	(1,200,000)	(1,200,000)
Balance transferred to current liabilities	**-**	**-**

The Libraries grant was utilised for the upkeeping and operational cost for libraries.

23 SERVICE CHARGES

	2015 R	2014 R
Electricity	**26,744,584**	**23,428,352**
Service Charges	30,954,043	27,486,287
Less: Rebates	(4,209,459)	(4,057,935)
Refuse removal	**2,533,939**	**2,623,299**
Service Charges	7,013,180	6,796,699
Less: Rebates	(4,479,241)	(4,173,400)
Total Service Charges	**29,278,523**	**26,051,651**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

24 OTHER INCOME

	2015 R	2014 R
Sundry Income	323,457	580,392
Building Plan & Inspection Fees	29,927	31,913
Electr. Re-Connection Fees	19,031	24,437
Cemetery Fees	22,370	17,349
Insurance Deductions	80,551	-
Pound Fees	147,968	64,676
Retention Withheld	249,232	86,622
Total Other Income	**872,535**	**805,390**

25 EMPLOYEE RELATED COSTS

	2015 R	2014 R
Employee related costs - Salaries and Wages	36,787,390	32,712,614
Employee related costs - Contributions for UIF, pensions and medical aids	7,626,836	6,480,585
Travel, motor car, telephone, assistance and other allowances	490,600	443,127
Bonuses	4,198,435	3,880,057
Housing Benefits and Allowances	20,470	19,832
Leave Reserve Fund	1,609,614	1,496,853
Overtime Payments	1,004,496	718,832
Workmens Compensation Contributions	588,320	712,960
Contribution to provision - Long Service Awards - Note 4	262,241	255,954
Contribution to provision - Post Retirement Medical - Note 4	1,907,965	1,679,303
Total Employee Related Costs	**54,496,367**	**48,400,117**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - MM Yawa

	2015 R	2014 R
Annual Remuneration	1,422,388	1,326,570
Performance Bonus - 2011/12	-	240,218
Performance Bonus - 2012/13	-	252,555
Performance Bonus - 2013/14	268,119	-
Car Allowance	82,800	82,800
Telephone allowance	24,000	24,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
Total	**1,799,092**	**1,927,928**

Remuneration of the Director Technical Services - RN Crozier

	2015 R	2014 R
Annual Remuneration	1,185,544	1,104,100
Performance Bonus - 2011/12	-	204,185
Performance Bonus - 2012/13	-	214,721
Performance Bonus - 2013/14	227,902	-
Car Allowance	93,600	93,600
Telephone allowance	12,000	12,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
Total	**1,520,831**	**1,630,391**

		2015 R	2014 R
25	**EMPLOYEE RELATED COSTS (CONTINUED)**		
	Remuneration of Director Community and Social Services - CNL Gologolo		
	Annual Remuneration	912,655	851,461
	Performance Bonus - 2011/12	-	104,757
	Performance Bonus - 2012/13	-	127,175
	Performance Bonus - 2013/14	171,237	-
	Car Allowance	48,000	48,000
	Telephone allowance	12,000	12,000
	Contributions to UIF, Medical and Pension Funds	1,785	1,785
	Total	**1,145,677**	**1,145,177**
	Remuneration of the Director Financial Services - Mr CR Venter		
	Annual Remuneration	1,279,144	1,197,699
	Performance Bonus - 2011/12	-	204,185
	Performance Bonus - 2012/13	-	214,721
	Performance Bonus - 2013/14	227,902	-
	Telephone allowance	12,000	12,000
	Contributions to UIF, Medical and Pension Funds	1,785	1,785
	Total	**1,520,831**	**1,630,390**
	Remuneration of Director Corporate and Support Services - ML Theron (July 2012 - Sept 2012)		
	Performance Bonus - 2011/12	-	64,466
	Total	**-**	**64,466**
	Remuneration of Director Corporate and Support Services - TE Wonga		
	Annual Remuneration	881,851	819,563
	Performance Bonus - 2012/13	-	102,971
	Performance Bonus - 2013/14	174,296	-
	Telephone allowance	12,000	12,000
	Car Allowance	96,000	96,000
	Contributions to UIF, Medical and Pension Funds	1,785	1,785
	Total	**1,165,932**	**1,032,319**
	Remuneration of Director IPME - P Bushula		
	Annual Remuneration	1,129,676	1,057,735
	Performance Bonus - 2012/13	-	142,288
	Performance Bonus - 2013/14	201,309	-
	Telephone allowance	12,000	12,000
	Contributions to UIF, Medical and Pension Funds	1,785	1,785
	Total	**1,344,770**	**1,213,808**

26 REMUNERATION OF COUNCILLORS

	2015	2014
Mayor	739,363	698,694
Speaker	595,664	563,129
Executive Committee Members	1,903,482	1,736,675
Councillors	6,555,442	6,204,231
Other Councillors' contributions and allowances	605,172	377,580
Total Councillors' Remuneration	**10,399,123**	**9,580,309**

In-kind Benefits

The Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties. The packages are set out below:

	2015	2014
Mayor		
Annual Remuneration	718,495	677,826
Telephone allowance	20,868	20,868
Total	**739,363**	**698,694**
Speaker		
Annual Remuneration	532,406	499,871
Telephone allowance	20,868	20,868
Travel Allowance	42,390	42,390
Total	**595,664**	**563,129**

		2015 R	2014 R
26	**REMUNERATION OF COUNCILLORS (CONTINUED)**		
	Executive Committee Members (6 members)		
	Annual Remuneration	1,704,692	1,584,972
	Telephone allowance	125,208	78,120
	Travel Allowance	73,582	73,582
	Total	**1,903,482**	**1,736,675**
	Councillors (Section 79 - 5 members)		
	Annual Remuneration	1,352,272	1,304,815
	Telephone allowance	104,340	65,100
	Travel Allowance	30,828	-
	Total	**1,487,440**	**1,369,915**
	Councillors (Other Councillors - 25 members for 2014/15 and 24 members for 2013/14)		
	Annual Remuneration	5,096,130	4,899,416
	Telephone allowance	500,832	312,480
	Travel Allowance	76,212	-
	Total	**5,673,174**	**5,211,896**

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

..
Signed: Municipal Manager

		2015 R	2014 R
27	**DEBT IMPAIRMENT**		
	Receivables from exchange transactions - Note 17	3,181,075	4,723,637
	Receivables from non-exchange transactions - Note 18	1,202,687	1,099,727
	Total Contribution to Impairment Provision	**4,383,762**	**5,823,363**
	Portion attributable to VAT - Refer to note - 10.01	170,434	(730,460)
	Debt impairment recognised in statement of financial performance	**4,554,196**	**5,092,904**
	Impairment of traffic fines included above:	339,800	-
28	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment - Restated 2014	15,509,804	11,566,493
	Intangible Assets	68,109	75,215
	Capitalised Restoration Cost	196,157	152,413
	Total Depreciation and Amortisation	**15,774,071**	**11,794,120**
29	**REPAIRS AND MAINTENANCE**		
	Buildings	486,571	373,640
	Tools and equipment	188,592	606,273
	Furniture and office equipment	6,040	29,274
	Vehicles and Implements	1,403,951	1,191,342
	Streets and stormwater	833,119	105,270
	Sport Fields	35,979	34,889
	Electricity Reticulation	1,175,504	542,702
	Fencing	132,979	44,019
	Street Lights	1,666	235,998
	Traffic and Road signs	37,932	4,829
	Other	311,022	176,741
	Total Repairs and Maintenance - Restated 2014	**4,613,355**	**3,344,977**

		2015 R	2014 R
30	**FINANCE CHARGES**		
	Long-term Liabilities - DBSA	1,146,053	1,114,258
	Finance leases	-	229
	Landfill Site	194,664	166,064
	Total Finance charges	**1,340,717**	**1,280,551**
31	**BULK PURCHASES**		
	Electricity	20,079,250	19,424,456
	Total Bulk Purchases	**20,079,250**	**19,424,456**
32	**GRANTS AND SUBSIDIES**		
	Grants-in-aid and Donations	479,587	110,773
	Total Grants and Subsidies	**479,587**	**110,773**
33	**OTHER OPERATING GRANT EXPENDITURE**		
	Asset Register Project	637,528	420,667
	Alien Vegetation	1,888,724	870,527
	Vuna Awards	709,683	98,893
	Greenest Municipality Project	-	195,500
	Housing Hillside Project	-	220,771
	Job Creation Project (EPWP)	1,976,000	2,160,000
	MFMA Implementation Project	1,853,464	1,693,037
	MIG PMU Project	1,099,211	953,417
	Total Operating grant expenditure - Restated 2014	**8,164,611**	**6,612,811**
34	**GENERAL EXPENSES**		
	Audit Fees	2,114,502	1,644,465
	Advertisements	429,008	761,570
	Bank Charges	271,476	216,141
	Books, Magazines & Publications	18,047	7,539
	Communication	605,652	549,536
	Computer Costs	1,283,801	1,206,845
	Community Participation	99,305	11,120
	Electricity Purchases	305,527	446,484
	IDP and Budget Project	375,273	347,617
	Insurance: External	436,631	431,807
	Job Creation	3,689,431	4,816,109
	Legal Costs	1,799,561	1,188,813
	Local Economic Development	398,425	453,573
	Membership Fees	616,908	531,940
	Printing & Stationary	714,014	487,987
	Professional Services	4,054,235	660,044
	Performance Management	1,278,141	1,253,415
	SPU Project	1,243,527	535,221
	Valuation Roll	456,811	72,000
	Subsistence & Traveling	2,748,134	2,946,974
	Telephone Charges	928,232	864,794
	Tourism	517,505	416,029
	Training	1,115,124	1,325,771
	Transport Costs	103,961	74,870
	Travel and Accommodation	2,349,034	2,709,231
	Vehicle: Fuel & Oil	2,631,985	2,346,791
	Ward Committees	2,118,906	1,739,426
	Sundry	3,105,937	1,848,115
	Total General Expenses - Restated 2014	**35,809,092**	**29,894,227**

35 CORRECTION OF ERROR IN TERMS OF GRAP 3

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

35.01 Property, Plant and Equipment

	2014 R
Balance previously reported	**236,764,090**
First time recognition of Property, Plant and Equipment - 1 July 2013 - Note 35.07	28,858
Backlog Depreciation on 1 July 2013 for Property, Plant and Equipment previously not recognised - Note 35.07	(3,525)
First time recognition of Property, Plant and Equipment - 2013/2014 - Note 35.07	42,771
Depreciation for 2013/2014 for Property, Plant and Equipment previously not recognised - Note 35.08	(3,520)
Recapitalise assets previously disposed - 1 July 2013 - Note 35.07	45,310
Backlog Depreciation on 1 July 2013 for Recapitalisation of assets previously disposed - Note 35.07	(22,176)
Depreciation for 2013/2014 for Recapitalisation of assets previously disposed - Note 35.08	(43,391)
Reversal of Disposal of Property, Plant and Equipment - Cost - 2013/14 - Note 35.08	19,835
Reversal of Disposal of Property, Plant and Equipment - Depreciation for 2013/14 - Note 35.08	(12,015)
Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.07	(106,209)
Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.07	38,454
Property, Plant and Equipment incorrectly capitalised - 2013/2014 - Note 35.08	(13,228)
Effect on Depreciation for 2013/2014 for Property, Plant and Equipment incorrectly capitalised - Note 35.08	11,289
Derecognise Land and Buildings - 1 July 2013 - at Fair value - Note 35.07	(725,000)
Land and Buildings previously not recognised - 1 July 2013 - at Fair value - Note 35.07	4,283,599
Reclassification of Property, Plant and Equipment to Investment Propery - 1 July 2013 - at Fair value - Note 35.02	(3,104,500)
Correction on Depreciation for 2013/14 of Ward 5 Bridge not Capitalised - Note 35.08	(9,100)
Total	**237,191,540**

35.02 Investment Property

	2014 R
Balance previously reported	**8,663,500**
Correction of Investment Property incorrectly capitalised - 1 July 2013 - at Fair value - Note 35.07	(4,782,500)
Investment Property previously not recognised - 1 July 2013 - at Fair value - Note 35.07	5,208,000
Reclassification of Property, Plant and Equipment to Investment Propery - 1 July 2013 - at Fair value - Note 35.01	3,104,500
Total	**12,193,500**

35.03 Inventory

	2014 R
Balance previously reported	**1,606,271**
Correction of Stock used for Electricity - 2013/2014 - Note 35.08	413,270
Total	**2,019,541**

35.04 Revaluation Reserve

	2014 R
Balance previously reported	**2,058,390**
Revaluation on Land and Buildings for 2013/2014 previously not recognised - Note 35.08	5,245
Reclassification of Property, Plant and Equipment to Investment Propery - 1 July 2013 - at Fair value - Note 35.08	(22,161)
Total	**2,041,475**

35.05 Operating lease asset

	2014 R
Balance previously reported	**92,454**
Correction of Operating lease asset Opening balance as at 30 June 2013 - Note 35.07	228,146
Correction of Operating lease asset movement for 2013/14 - Note 35.08	(23,409)
Total	**297,191**

35.06 Receivables from exchange transactions

	2014 R
Balance previously reported	**8,226,138**
Correction of Housing Rentals opening balance incorrectly disclosed - Note 35.07	(101,770)
Total	**8,124,368**

35 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

35.07 Accumulated Surplus/(Deficit)

	2014 R
Correction of Operating lease asset Opening balance as at 30 June 2013 - Note 35.05	228,146
First time recognition of Property, Plant and Equipment - 1 July 2013 - Note 35.01	28,858
Backlog Depreciation on 1 July 2012 for Property, Plant and Equipment previously not recognised - Note 35.01	(3,525)
Recapitalise assets previously disposed - 1 July 2013 - Note 35.01	45,310
Backlog Depreciation on 1 July 2013 for Recapitalisation of assets previously disposed - Note 35.01	(22,176)
Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.01	(106,209)
Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.01	38,454
Derecognise Land and Buildings - 1 July 2013 - at Fair value - Note 35.01	(725,000)
Correction of Investment Property incorrectly capitalised - 1 July 2013 - at Fair value - Note 35.02	(4,782,500)
Land and Buildings previously not recognised - 1 July 2013 - at Fair value - Note 35.01	4,283,599
Investment Property previously not recognised - 1 July 2013 - at Fair value - Note 35.02	5,208,000
Correction of Housing Rentals opening balance incorrectly disclosed - Note 35.06	(101,770)
Total	**4,091,187**

35.08 Statement of Financial Performance

Balance previously reported	**56,037,447**
Correction of Operating lease asset movement for 2013/14 - Note 35.05	(23,409)
First time recognition of Property, Plant and Equipment - 2013/2014 - Note 35.01	42,771
Depreciation for 2013/2014 for Property, Plant and Equipment previously not recognised - Note 35.01	(3,520)
Depreciation for 2013/2014 for Recapitalisation of assets previously disposed - Note 35.01	(43,391)
Reversal of Disposal of Property, Plant and Equipment - Cost - 2013/14 - Note 35.01	19,835
Reversal of Disposal of Property, Plant and Equipment - Depreciation for 2013/14 - Note 35.01	(12,015)
Property, Plant and Equipment incorrectly capitalised - 2013/2014 - Note 35.01	(13,228)
Effect on Depreciation for 2013/2014 for Property, Plant and Equipment incorrectly capitalised - Note 35.01	11,289
Revaluation on Land and Buildings for 2013/2014 previously not recognised - Note 35.04	(5,245)
Reclassification of Property, Plant and Equipment to Investment Propery - 1 July 2013 - at Fair value - Note 35.04	22,161
Correction on Depreciation for 2013/14 of Ward 5 Bridge not Capitalised - Note 35.01	(9,100)
Correction of Stock used for Electricity - 2013/2014 - Note 35.03	413,270
Total	**56,436,864**

36 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

36.01 Property, Plant and Equipment

Balance previously reported	**-**
Reallocation of assets on 30 June 2013 - Note 36.02	1,787
Reallocation of disposals during 2013/2014 - Note 36.02	(230)
Total	**1,557**

36.02 Non-Current Assets held for Sale

Balance previously reported	**1,557**
Reallocation of assets on 30 June 2013 - Note 36.01	(1,787)
Reallocation of movements on assets held for sale during 2013/14 - Note 36.01	230
Total	**-**

The change in accounting policy relates to the amendments included in GRAP 100 - "Discontinued Operations". The amendments require that assets held for sale shall not be reallocated to a separate line item in the statement of financial position. The transitional provision on initial adoption of GRAP 100 requires that:

- Changes to the way in which non-current assets held for sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted.

- Changes to the way in which non-current assets held for sale are classified and presented on the statement of financial position and accompanying notes, shall be applied retrospectively by adjusting information or the earliest period presented.

		2015 R	2014 R
37	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	48,088,845	56,436,864
	Adjustments for:		
	Depreciation	15,774,071	11,794,120
	Loss on disposal of property, plant and equipment	264,481	1,917,885
	Impairments	117,632	-
	Reversal of Impairment Losses of Property, Plant & Equipment	-	(4,094)
	Contribution from/to employee benefits - non-current	2,170,206	1,935,257
	Contribution from/to employee benefits - non-current - expenditure incurred	(321,381)	(384,875)
	Contribution from/to employee benefits - non-current - actuarial gains	(544,767)	(585,789)
	Contribution to employee benefits – current	3,752,534	3,740,444
	Contribution to employee benefits – current - expenditure incurred	(2,240,338)	(2,999,069)
	Contribution to provisions – non-current	194,664	166,064
	Contribution to provisions – bad debt	4,383,762	5,823,363
	Bad debts written off	-	(675,770)
	Grants Received	158,440,654	135,611,377
	Grants recognised as revenue	(151,993,584)	(147,213,069)
	Unspent Grant returned to National Revenue Fund	-	(1,307,000)
	Unspent Grant transferred to Trade Payables	-	(4,602,000)
	Operating lease income accrued	25,780	14,325
	Operating lease expenses accrued	1,497	3,402
	Operating Surplus/(Deficit) before changes in working capital	77,468,251	59,671,435
	Changes in working capital	(8,199,741)	2,318,917
	Increase/(Decrease) in Payables from Exchange Transactions	(2,044,011)	8,282,677
	Increase/(Decrease) in Taxes	(478,159)	(4,106,054)
	(Increase)/Decrease in Inventory	637,344	(711,123)
	(Increase)/Decrease in Receivables from exchange transactions	(4,460,736)	565,291
	Increase in Other Receivables from non-exchange transactions	(1,854,178)	(1,711,875)
	Cash generated/(absorbed) by operations	**69,268,510**	**61,990,352**

38 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2015 R	2014 R
Call Investments Deposits - Note 20	181,296,599	161,791,490
Cash Floats - Note 20	700	700
Bank - Note 20	2,162,543	1,197,764
Total cash and cash equivalents	**183,459,842**	**162,989,955**

39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2015 R	2014 R
Cash and Cash Equivalents - Note 38	183,459,842	162,989,955
	183,459,842	162,989,955
Less:	16,761,727	11,300,729
Unspent Committed Conditional Grants - Note 9	16,761,727	11,300,729
Net cash resources available for internal distribution	166,698,115	151,689,226
Allocated to:		
Capital Replacement Reserve - Note 2.2	104,617,764	99,138,779
Valuation Roll Reserve - Note 2.2	909,291	613,936
Employee Benefit Reserve - Note 2.2	20,219,473	17,403,219
Resources available for Woking capital requirements	**62,080,351**	**52,550,447**

40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2015 R	2014 R
Long-term Liabilities - Note 3	13,645,050	14,437,246
Used to finance property, plant and equipment - at cost	(13,645,050)	(14,437,246)
Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 6.75 % and 8.92 % and will be repaid by 2030.

41 BUDGET COMPARISONS

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 8 to 13.

	2015 R	2014 R
42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		

42.1 Unauthorised expenditure

No over-expenditure on votes for the two reporting periods in the financial statements.

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Budget Comparison by Vote - Unauthorised expenditure current year - Operating				
Executive & Council	26,042,744	26,331,200	(288,456)	-
Planning & Development	15,097,708	16,613,446	(1,515,738)	-
Corporate Services	17,056,885	25,761,399	(8,704,514)	-
Housing	1,402,113	1,881,135	(479,021)	-
Public Safety	56,226	67,796	(11,569)	-
Budget & Treasury	18,682,915	19,694,540	(1,011,625)	-
Road Transport	30,493,126	37,921,271	(7,428,145)	-
Waste Water Management	-	722,901	(722,901)	-
Electricity	30,865,998	36,285,725	(5,419,727)	-
Community & Social Services	7,649,380	9,623,978	(1,974,598)	-
Sport & Recreation	345,462	432,075	(86,614)	-
Waste Management	13,470,870	13,718,970	(248,100)	-
	161,163,428	**189,054,435**	**(27,891,008)**	**-**

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Budget Comparison by Vote - Unauthorised expenditure current year - Capital				
Executive & Council	1,695,883	1,741,000	(45,117)	-
Planning & Development	814,377	1,190,000	(375,623)	-
Corporate Services	8,810,890	9,453,000	(642,110)	-
Housing	305,520	393,000	(87,480)	-
Public Safety	38,498	119,500	(81,002)	-
Budget & Treasury	2,157,529	3,196,000	(1,038,471)	-
Road Transport	16,110,246	21,681,436	(5,571,190)	-
Electricity	4,094,075	4,413,493	(319,418)	-
Community & Social Services	2,168,493	4,398,846	(2,230,353)	-
Sport & Recreation	11,615,615	15,490,025	(3,874,409)	-
Waste Management	631,702	1,474,000	(842,298)	-
	48,442,830	**63,550,299**	**(15,107,469)**	**-**

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

42.2 Fruitless and wasteful expenditure

	2015 R	2014 R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	978,907	-
Fruitless and wasteful expenditure current year	29,039	978,907
Condoned or written off by Council	(9,605)	-
Fruitless and wasteful expenditure awaiting condonement	**998,341**	**978,907**

Incident		Disciplinary steps/criminal proceedings	2015 R	2014 R
Electricity losses higher than the norm		*None*	-	969,302
Interest paid to Eskom, Telkom and Kirchmanns - 2014		*None*	-	9,605
Interest paid to Eskom - 2015		*None*	29,039	-
			29,039	**978,907**

42.3 Irregular expenditure

	2015 R	2014 R
Reconciliation of irregular expenditure:		
Opening balance	20,900	-
Irregular expenditure current year	667,329	20,900
Condoned or written off by Council	(20,900)	-
Irregular expenditure awaiting further action	**667,329**	**20,900**

Incident	Disciplinary steps/criminal proceedings	2015 R	2014 R
Payments made as deviation from Supply Chain Processes	*Disciplinary steps has been instituted*	529,195	-
Deviations from Supply Chain regulations - Sect 44 - Awards to persons in service of state.	*None*	138,134	20,900
		667,329	**20,900**

The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

42.4 Material Losses

Electricity distribution losses	2015	2014
Kwh purchased	26,011,493	26,275,380
Kwh sold	22,382,572	22,278,982
Kwh losses	3,628,921	3,996,398
Kwh cost	0.7721	0.7081
% Losses - Notes - 42.2	13.95%	15.21%
Amount of Units lost considered as material losses above a norm of average 10%	1,027,771	1,368,860
Cost of units lost considered as material losses	793,516	969,302

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

43.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

	2015	2014
Opening balance	-	-
Council subscriptions	607,514	482,265
Amount paid - current year	(607,514)	(482,265)
Balance unpaid (included in creditors)	**-**	**-**

43.2 Audit fees - [MFMA 125 (1)(b)]

	2015	2014
Opening balance	-	-
Current year audit fee	2,114,502	1,644,465
Amount paid - current year	(2,114,502)	(1,644,465)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**-**	**-**

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

43.3 VAT - [MFMA 125 (1)(b)]

	2015 R	2014 R
Opening balance	(5,082,019)	(1,854,772)
Amounts received - previous year	2,428,281	1,854,772
Amounts received - current year	4,757,692	4,817,110
Amounts claimed - current year (payable)	(8,537,099)	(9,899,128)
Closing balance Cr/(Dt)	**(6,433,144)**	**(5,082,019)**
Vat in suspense due to cash basis of accounting	**1,848,571**	**1,146,073**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS.
All VAT returns have been submitted by the due date throughout the year.

43.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

	2015 R	2014 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	9,742,169	8,725,830
Amount paid - current year	(9,742,169)	(8,725,830)
Balance unpaid	**-**	**-**

43.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

	2015 R	2014 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	6,689,211	5,703,501
Amount paid - current year	(6,689,211)	(5,703,501)
Balance unpaid (included in creditors)	**-**	**-**

43.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year

Refer to Note 52.1 for outstanding accounts at year-end for Councillors

43.7 Non-Compliance with Supply Chain Management Regulations

During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager and condoned by Council.

43.8 Reporting i.t.o Section 45 - Supply Chain Management Regulations

Awards to close family members of persons in the service of the state above R2 000:

Staff Member	Entity	2015 R	2014 R
NG Ndlangwe	SJN Construction (Spouse is Director)	-	5,300
TG Koena	Masekeleng Trading (Father is Owner)	26,400	60,501
M A Theron	Lady Grey Joinery and Construction (Spouse is Director)	216,138	28,913
D Oertel	First Wave (Son-in law is Director)	1,290,691.60	752,495.45

44 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2015 R	2014 R
Approved and contracted for:	30,443,616	39,595,034
Land & Buildings	974,308	10,688,439
Infrastructure	17,648,473	15,298,248
Community	11,820,835	13,608,347
Total	**30,443,616**	**39,595,034**

This expenditure will be financed from:

	2015 R	2014 R
Capital Replacement Reserve	10,601,823	11,645,699
Government Grants - MIG	19,841,793	23,460,213
Department of Sport	-	4,489,122
	30,443,616	**39,595,034**

45 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an on-going basis.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

	2015 R	2014 R
1% (2014 - 0.5%) Increase in interest rates	1,698,141	742,760
0.5% (2014 - 0.5%) Decrease in interest rates	(849,070)	(742,760)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2015 %	2015 R	2014 %	2014 R
Non-Exchange Receivables				
Rates	100.00%	772,418	100.00%	761,415
Exchange Receivables				
Electricity	89.87%	1,606,572	92.53%	942,840
Refuse	9.06%	161,915	6.34%	64,634
Other	1.07%	19,183	1.13%	11,500
	100.00%	1,787,670	100.00%	1,018,974

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2015 %	2015 R	2014 %	2014 R
Non-Exchange Receivables				
Rates	100.00%	7,054,376	100.00%	5,851,688
Exchange Receivables				
Electricity	68.33%	11,477,357	66.43%	9,045,497
Refuse	30.63%	5,144,848	30.88%	4,204,586
Other	1.04%	175,304	2.69%	366,351
	100.00%	16,797,509	100%	13,616,434

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are listed on the JSE (Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	9,404,029	8,124,368
Cash and Cash Equivalents	183,459,842	162,989,955
Unpaid conditional grants and subsidies	-	986,071
	192,863,871	172,100,394

(e) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities - Annuity Loans	1,868,301	6,790,715	7,349,623	6,003,957
Capital repayments	802,795	3,338,741	4,525,143	4,978,370
Interest	1,065,506	3,451,973	2,824,480	1,025,587
Provisions - Landfill Sites	-	767,144	3,406,404	4,961,191
Capital repayments	-	728,878	2,219,201	1,410,141
Interest	-	38,266	1,187,203	3,551,050
Trade and Other Payables	2,370,261	-	-	-
	4,238,563	7,557,859	10,756,027	10,965,148
2014				
Long Term liabilities	1,904,768	6,993,162	7,602,683	7,372,657
Capital repayments	791,775	3,286,625	4,437,524	5,921,323
Interest	1,112,994	3,706,538	3,165,159	1,451,334
Provisions - Landfill Sites	-	1,802,055	1,183,289	3,938,216
Capital repayments	-	1,470,153	882,988	1,362,978
Interest	-	331,902	300,300	2,575,239
Trade and Other Payables	4,455,775	-	-	-
	6,360,543	8,795,218	8,785,972	11,310,874

46 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

		2015 R	2014 R
46.1 Financial Assets	**Classification**		
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	8,725,569	7,387,389
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	-	986,071
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	181,296,599	161,791,490
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	2,162,543	1,197,764
Cash Floats and Advances	Financial instruments at amortised cost	700	700
		192,185,411	**171,363,415**
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		**192,185,411**	**171,363,415**
46.2 Financial Liability	**Classification**		
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	12,842,254	13,645,472
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	1,172,783	779,114
Deposits: Other	Financial instruments at amortised cost	5,799,478	8,278,661
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	802,795	791,775
		20,617,311	**23,495,021**
SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		**20,617,311**	**23,495,021**

47 STATUTORY RECEIVABLES

In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2015 R	2014 R
Taxes		
Vat Receivable	6,602,552	5,527,514
Receivables from Non-Exchange Transactions		
Rates	542,057	676,128
	7,144,609	**6,203,642**

48 EVENTS AFTER THE REPORTING DATE

The Transwilger Community Hall on Erf 738 in Lady Grey burned down on 15 August 2015. The Community Hall was valued at R822 500 for 2015.

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51 CONTINGENT LIABILITY

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

	2015 R	2014 R
Traffic Officers Appeal against arbitration outcome to reinstate traffic officers who were found guilty of corruption. This is a pending review in the Labour Court along with an ancillary urgent application. The potential cost of R550 000 includes the retrospective reinstatement of three former employees. The case was finalised on 27 March 2015.	-	550,000
Landfill Sites The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	-	-
Hawks matter Currently a Pending Investigation from the HAWKS is on-going, a case has been opened and employees has been charged.	-	-
Ex-gracia payment Upon termination of MM and 3 other Section 57 Managers contracts, an ex-gracia amount of 1.25 x the employees' gross annual salary will be paid to these employees.	7,255,468	7,337,511
Land Invasion The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.	-	-
Moeletsi, Ngogodo & April defamation claims The Councillors have each institured separate legal proceedings against the Municipality, together with the Mayor, for defamation in respect of an article that appeared in the Eagle Eye Newspaper in August 2013.	300,000	300,000
Languza matter Pending matter for the unfair dismissal of N. Languza. A debtor of R346 680 has been created as security on the matter.	-	-

52 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.1 Related Party Transactions

Year ended 30 JUNE 2015	Rates - Levied 1 Jul 14 - 30 Jun 15	Service Charges - Levied 1 Jul 14 - 30 Jun 15
Councillors	**6,112**	**73,574**
N Mtyali	-	25,846
J Konstable	1,854	1,450
M Mjali	-	1,450
R M Joubert	1,671	5,328
Mpelwane	-	1,450
M Mfisa	-	13,851
M Mafilika	-	1,450
M Eliya	27	1,450
N C Motemekwana	-	1,450
S Thindleni	487	15,497
NR Nthako	-	1,450
HI van Der Walt	-	1,450
MA Mshasha	2,073	1,450
Municipal Manager and Section 57 Employees	**4,501**	**24,071**
MM Yawa	-	10,224
R Crozier	4,501	13,847

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.2 Compensation of key management personnel

The compensation of key management personnel and the Remuneration of Councillors is set out in notes 25 and 26 to the Annual Financial Statements.

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2015

Reconciliation of Carrying Value	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	Additions * R	Disposals R	Gain on Fair Value Revaluation	Transfer	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Revaluation R	Loss on Fair Value Revaluations	Transfer to Cost	Closing Balance R	R
Land and Buildings	**59,818,750**	**10,813,398**	**-**	**13,861,414**	**(4,184,901)**	**80,308,662**	**-**	**499,409**	**499,409**	**4,184,901**	**(4,184,901)**	**-**	**80,308,662**
Land	13,525,050	400,000	-	8,542,416	(2,650,321)	19,817,145	-	-	-	2,650,321	(2,650,321)	-	19,817,145
Buildings	46,293,700	10,413,398	-	5,318,998	(1,534,580)	60,491,517	-	499,409	499,409	1,534,580	(1,534,580)	-	60,491,517
Infrastructure	**189,115,674**	**16,155,996**	**325,993**	**-**	**-**	**204,945,677**	**54,810,854**	**9,559,599**	**304,865**	**-**	**-**	**64,065,588**	**140,880,089**
Main: Roads	127,408,200	5,073,214	312,854	-	-	132,168,560	44,979,648	7,599,546	302,499	-	-	52,276,695	79,891,865
Main: Storm Water	35,141,967	7,944,790	13,139	-	-	43,073,619	6,175,260	1,096,520	2,366	-	-	7,269,413	35,804,205
Main: Waste Management	3,124,477	115,777	-	-	-	3,240,254	1,213,972	150,928	-	-	-	1,364,900	1,875,355
Main: Electricity	10,924,598	3,022,215	-	-	-	13,946,813	2,440,917	326,592	-	-	-	2,767,508	11,179,305
Taxi Ranks	12,516,431	-	-	-	-	12,516,431	1,058	386,015	-	-	-	387,072	12,129,359
Community Assets	**16,210,904**	**12,532,922**	**-**	**-**	**-**	**28,743,826**	**326,150**	**573,952**	**-**	**-**	**-**	**900,102**	**27,843,724**
Sports Fields	4,900,752	11,518,405	-	-	-	16,419,157	44,455	223,968	-	-	-	268,423	16,150,734
Node Development	8,380,791	-	-	-	-	8,380,791	264,175	260,605	-	-	-	524,780	7,856,011
Parks & Gardens	954,392	135,708	-	-	-	1,090,100	6,410	42,442	-	-	-	48,852	1,041,248
Cemetery	1,974,969	878,808	-	-	-	2,853,778	11,110	46,937	-	-	-	58,047	2,795,730
Leased Assets	**91,610**	**-**	**-**	**-**	**-**	**91,610**	**83,913**	**3,263**	**-**	**-**	**-**	**87,176**	**4,434**
Office Equipment	91,610	-	-	-	-	91,610	83,913	3,263	-	-	-	87,176	4,434
Other Assets	**39,318,398**	**8,828,966**	**1,990,789**	**-**	**-**	**46,156,575**	**12,141,321**	**4,873,581**	**1,432,150**	**-**	**-**	**15,582,753**	**30,573,822**
Motor Vehicles	6,579,674	5,152,369	1,166,056	-	-	10,565,986	3,234,660	1,362,300	657,653	-	-	3,939,307	6,626,680
Plant & Equipment	20,825,826	1,024,964	403,927	-	-	21,446,863	5,052,311	2,019,541	406,326	-	-	6,665,525	14,781,338
Office Equipment	1,614,980	118,445	92,284	-	-	1,641,141	785,453	239,382	77,964	-	-	946,871	694,270
Furniture & Fittings	3,563,313	909,146	45,121	-	-	4,427,338	1,154,168	396,326	32,970	-	-	1,517,525	2,909,813
Loose Equipment	567,917	-	40,374	-	-	527,543	121,706	113,359	21,504	-	-	213,561	313,983
Computer Equipment	2,694,499	1,624,043	243,026	-	-	4,075,515	1,579,556	481,677	235,732	-	-	1,825,501	2,250,014
Specialised Vehicles	3,469,298	-	-	-	-	3,469,298	210,701	260,940	-	-	-	471,641	2,997,657
Security Items	2,890	-	-	-	-	2,890	2,766	56		-	-	2,822	68
	304,555,336	**48,331,283**	**2,316,782**	**13,861,414**	**(4,184,901)**	**360,246,350**	**67,362,239**	**15,509,804**	**2,236,424**	**4,184,901**	**(4,184,901)**	**80,635,620**	**279,610,731**

* Included in the Additions for 2014/2015 is an amount of R13 669 418 for work-in-progress.

30 JUNE 2014

Reconciliation of Carrying Value - Restated - Note 35.01

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	Additions R	Disposals - Restated R	Gain on Fair Value Revaluation	Transfer	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Revaluation R	Loss on Fair Value Revaluations	Transfer	Closing Balance R	R
Land and Buildings	**53,452,358**	**6,366,392**	**-**	**-**	**-**	**59,818,750**	**-**	**431,541**	**431,541**	**-**	**-**	**-**	**59,818,750**
Land	13,525,050	-	-	-	-	13,525,050	-	-	-	-	-	-	13,525,050
Buildings	39,927,309	6,366,392	-	-	-	46,293,700	-	431,541	431,541	-	-	-	46,293,700
Infrastructure	**155,010,176**	**34,169,011**	**63,513**	**-**	**-**	**189,115,674**	**47,349,832**	**7,465,868**	**4,847**	**-**	**-**	**54,810,854**	**134,304,820**
Main: Roads	98,777,351	28,688,451	57,602	-	-	127,408,200	38,992,930	5,988,860	2,142	-	-	44,979,648	82,428,552
Main: Storm Water	30,829,712	4,313,535	1,280	-	-	35,141,967	5,161,122	1,015,398	1,260	-	-	6,175,260	28,966,708
Main: Waste Management	2,904,379	220,098	-	-	-	3,124,477	1,063,045	150,928	-	-	-	1,213,972	1,910,505
Main: Electricity	10,137,918	791,311	4,631	-	-	10,924,598	2,132,736	309,625	1,444	-	-	2,440,917	8,483,681
Taxi Ranks	12,360,816	155,616	-	-	-	12,516,431	-	1,058	-	-	-	1,058	12,515,374
Community Assets	**11,456,762**	**4,754,143**	**-**	**-**	**-**	**16,210,904**	**4,530**	**321,621**	**-**	**-**	**-**	**326,150**	**15,884,754**
Sports Fields	2,780,560	2,120,192	-	-	-	4,900,752	-	44,455	-	-	-	44,455	4,856,297
Node Development	8,380,791	-	-	-	-	8,380,791	3,570	260,605	-	-	-	264,175	8,116,616
Parks & Gardens	9,579	944,813	-	-	-	954,392	960	5,450	-	-	-	6,410	947,982
Cemetery	285,832	1,689,138	-	-	-	1,974,969	-	11,110	-	-	-	11,110	1,963,859
Leased Assets	**91,610**	**-**	**-**	**-**	**-**	**91,610**	**80,650**	**3,263**	**-**	**-**	**-**	**83,913**	**7,697**
Office Equipment	91,610	-	-	-	-	91,610	80,650	3,263	-	-	-	83,913	7,697
Other Assets	**35,156,101**	**7,411,026**	**3,248,730**	**-**	**-**	**39,318,398**	**10,063,055**	**3,344,198**	**1,265,932**	**-**	**-**	**12,141,321**	**27,177,076**
Motor Vehicles	5,295,561	1,381,816	97,703	-	-	6,579,674	2,584,682	725,187	75,209	-	-	3,234,660	3,345,014
Plant & Equipment	21,352,985	2,304,553	2,831,712	-	-	20,825,826	4,425,586	1,546,292	919,566	-	-	5,052,311	15,773,516
Office Equipment	1,640,218	132,499	157,737	-	-	1,614,980	687,288	231,731	133,565	-	-	785,453	829,527
Furniture & Fittings	2,472,626	1,128,911	38,225	-	-	3,563,313	944,814	237,950	28,595	-	-	1,154,168	2,409,144
Loose Equipment	271,188	311,593	14,864	-	-	567,917	60,620	71,790	10,704	-	-	121,706	446,212
Computer Equipment	2,383,790	419,198	108,489	-	-	2,694,499	1,301,274	376,574	98,292	-	-	1,579,556	1,114,943
Specialised Vehicles	1,736,842	1,732,456	-	-	-	3,469,298	56,605	154,097	-	-	-	210,701	3,258,597
Security Items	2,890	-	-	-	-	2,890	2,188	578	-	-	-	2,766	124
	255,167,007	**52,700,572**	**3,312,242**	**-**	**-**	**304,555,336**	**57,498,068**	**11,566,491**	**1,702,319**	**-**	**-**	**67,362,239**	**237,193,097**

GRAP 17 - Property, Plant and Equipment

Included in PPE balances at each reporting period are the following Work in Progress balances. No depreciation is charged on these balances before the project is completed.

	2015 R	2014 R
Buildings	579,465	2,091,876
Cemeteries	2,132,275	1,492,194
Infrastructure - Electricity (Restated 2014)	3,022,215	-
Infrastructure - Roads (Restated 2014)	4,113,134	27,307,304
Infrastructure - Waste Management	565,489	449,712
Parks & Gardens	-	721,865
Sports Fields	6,462,567	1,677,000
Taxi Ranks	-	935,995
	16,875,145	**34,675,946**

INSERT ACCOUNTING POLICY

APPENDIX A - Unaudited
SENQU MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Redeemed written off during the period	Balance at 30 JUNE 2015
ANNUITY LOANS						
DBSA loan	Floating	103126/1	2029	9,793,833	631,860	9,161,972
DBSA loan	Fixed	103126/2	2030	4,643,414	160,336	4,483,077
Total Annuity Loans				**14,437,246**	**792,197**	**13,645,050**
TOTAL EXTERNAL LOANS				**14,437,246**	**792,197**	**13,645,050**

APPENDIX B - Unaudited

SENQU MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2015

GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions (Includes WIP)	Disposals	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Closing Balance	
Executive & Council	2,922,675	1,695,883	719,653	3,898,905	996,731	493,745	280,142	1,210,334	2,688,571
Planning & Development	1,384,396	814,377	10,192	2,188,582	465,456	251,445	8,228	708,672	1,479,910
Corporate Services	68,141,611	8,810,890	102,710	76,849,792	1,467,089	765,544	68,334	2,164,299	74,685,493
Budget & Treasury	3,133,657	2,157,529	262,245	5,028,941	1,745,963	514,387	251,368	2,008,983	3,019,959
Road Transport	197,234,173	16,110,246	1,025,080	212,319,339	56,877,607	11,150,234	986,890	67,040,951	145,278,388
Electricity	13,300,815	4,094,075	125,450	17,269,441	3,347,876	719,060	106,588	3,960,348	13,309,093
Community & Social Services	15,145,759	2,168,493	56,004	17,258,248	528,821	489,694	46,613	971,902	16,286,346
Public Safety	724,039	38,498	-	762,537	6,410	32,624	-	39,034	723,503
Sport & Recreation	5,156,964	11,615,615	-	16,772,579	56,305	236,432	-	292,736	16,479,843
Waste Management	10,173,051	631,702	69,848	10,734,905	2,278,281	886,553	42,465	3,122,369	7,612,535
	317,317,140	**48,137,311**	**2,371,184**	**363,083,267**	**67,770,539**	**15,539,720**	**1,790,631**	**81,519,628**	**281,563,639**

APPENDIX C - Unaudited
SENQU MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
5,571,000	21,627,498	(16,056,498)	Executive & Council	7,413,870	26,042,744	(18,628,873)
878,088	11,646,815	(10,768,728)	Planning & Development	1,929,033	15,097,708	(13,168,675)
163,837	10,835,633	(10,671,796)	Corporate Services	6,009,724	17,056,885	(11,047,162)
252,685	1,393,437	(1,140,753)	Housing	29,927	1,402,113	(1,372,187)
74,394	14,413	59,981	Public Safety	167,543	56,226	111,317
98,705,169	15,525,040	83,180,129	Budget & Treasury	109,473,003	18,682,915	90,790,089
41,118,285	27,065,661	14,052,624	Road Transport	22,625,850	30,493,126	(7,867,276)
32,924,086	31,105,773	1,818,313	Electricity	37,402,695	30,865,998	6,536,697
4,669,454	7,205,991	(2,536,536)	Community & Social Services	3,560,340	7,649,380	(4,089,040)
2,221,294	242,705	1,978,589	Sport & Recreation	12,816,133	345,462	12,470,671
7,445,216	10,923,677	(3,478,462)	Waste Management	7,824,154	13,470,870	(5,646,716)
						-
194,023,506	**137,586,644**	**56,436,864**	**Total**	**209,252,273**	**161,163,428**	**48,088,845**

APPENDIX D - Unaudited
SENQU MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2014	Contributions during the year	Interest on Investments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R
National Government Grants						
Equitable Share	-	110,942,000	-	110,942,000	-	-
Municipal Finance Management	-	1,600,000	-	1,600,000	-	-
Municipal Infrastructure Grant	(986,071)	35,838,000	-	5,184,074	24,825,155	4,842,699
Municipal Systems Improvement	-	934,000	-	934,000	-	-
NDPG (Neighbourhood Development Partnership Grant)	2,010,056	-	-	-	-	2,010,056
EPWP (Expanded Public Works Program)	-	1,976,000	-	1,976,000	-	-
Dept Sport (Youth Development - Sport Fields)	-	3,064,460	-	253,587	2,810,874	-
Total National Government Grants	1,023,985	154,354,460	-	120,889,661	27,636,029	6,852,755
Provincial Government Grants						
Prov Gov - Housing (Hillside)	232,652		-		-	232,652
Herschel People's Housing	8,053,512		393,393		-	8,446,905
Vuna Awards	359,596		-	359,596	-	-
Alien Vegetation Eradication	644,912	2,492,800	-	1,908,299	-	1,229,414
Libraries	-	1,200,000	-	1,200,000	-	-
Total Provincial Government Grants	9,290,673	3,692,800	393,393	3,467,894	-	9,908,972
Total	**10,314,658**	**158,047,260**	**393,393**	**124,357,555**	**27,636,029**	**16,761,727**

APPENDIX E - Unaudited

SENQU MUNICIPALITY

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2014/2015							2013/2014
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
Governance and administration	**112,477**	**3,785**	**116,263**	**122,897**	6,634	105.7%	109.3%	**104,440**
Executive and council	6,907	–	6,907	7,414	507	107.3%	107.3%	5,571
Budget and treasury office	105,511	2,040	107,551	109,473	1,922	101.8%	103.8%	98,705
Corporate services	60	1,746	1,805	6,010	4,205	332.9%	10091.8%	164
Community and public safety	**11,787**	**7,347**	**19,134**	**16,574**	**(2,560)**	**86.6%**	**140.6%**	**7,218**
Community and social services	4,891	2,416	7,307	3,560	(3,747)	48.7%	72.8%	4,669
Sport and recreation	5,688	5,597	11,285	12,816	1,531	113.6%	225.3%	2,221
Public safety	768	(242)	526	168	(359)	31.8%	21.8%	74
Housing	440	(424)	16	30	14	188.2%	6.8%	253
Economic and environmental services	**40,845**	**(17,201)**	**23,644**	**24,555**	**911**	**103.9%**	**60.1%**	**41,996**
Planning and development	893	2,245	3,138	1,929	(1,209)	61.5%	216.0%	878
Road transport	39,952	(19,446)	20,506	22,626	2,120	110.3%	56.6%	41,118
Trading services	**38,256**	**4,622**	**42,879**	**45,231**	**2,352**	**105.5%**	**118.2%**	**40,369**
Electricity	30,138	950	31,088	37,403	6,315	120.3%	124.1%	32,924
Waste management	8,118	3,672	11,791	7,828	(3,962)	66.4%	96.4%	7,445
Total Revenue - Standard	**203,366**	**(1,447)**	**201,919**	**209,256**	**7,337**	**103.6%**	**102.9%**	**194,024**
Expenditure - Standard								
Governance and administration	**63,693**	**8,094**	**71,787**	**61,783**	(10,005)	86.1%	97.0%	**47,988**
Executive and council	26,675	(343)	26,331	26,043	(288)	98.9%	97.6%	21,627
Budget and treasury office	20,650	(955)	19,695	18,683	(1,012)	94.9%	90.5%	15,525
Corporate services	16,369	9,392	25,761	17,057	(8,705)	66.2%	104.2%	10,836
Community and public safety	**23,978**	**(11,267)**	**12,711**	**9,453**	**(3,258)**	**74.4%**	**39.4%**	**8,857**
Community and social services	11,192	(1,568)	9,624	7,649	(1,975)	79.5%	68.3%	7,206
Sport and recreation	430	2	432	345	(87)	80.0%	80.3%	243
Public safety	766	8	774	56	(718)	7.3%	7.3%	14
Housing	11,590	(9,708)	1,881	1,402	(479)	74.5%	12.1%	1,393
Economic and environmental services	**51,734**	**2,801**	**54,535**	**45,591**	**(8,944)**	**83.6%**	**88.1%**	**38,712**
Planning and development	13,555	3,058	16,613	15,098	(1,516)	90.9%	111.4%	11,647
Road transport	38,178	(257)	37,921	30,493	(7,428)	80.4%	79.9%	27,066
Trading services	**51,098**	**(1,077)**	**50,021**	**44,341**	**(5,680)**	**88.6%**	**86.8%**	**42,029**
Electricity	35,883	(304)	35,579	30,866	(4,713)	86.8%	86.0%	31,106
Waste water management	827	(104)	723	–	(723)	-	-	–
Waste management	14,387	(668)	13,719	13,475	(244)	98.2%	93.7%	10,924
Total Expenditure - Standard	**190,503**	**(1,449)**	**189,054**	**161,168**	**(27,887)**	**85.2%**	**84.6%**	**137,587**
Surplus/(Deficit) for the year	**12,862**	**2**	**12,865**	**48,089**	**35,224**	**373.8%**	**373.9%**	**56,437**

APPENDIX E - Unaudited

SENQU MUNICIPALITY

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2014/2015							2013/2014
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Executive and Council	6,907	–	6,907	7,414	507	107.3%	107.3%	5,571
Budget and Treasury Office	105,511	2,040	107,551	109,473	1,922	101.8%	103.8%	98,705
Corporate Services	60	1,746	1,805	6,010	4,205	332.9%	10091.8%	164
Community and Social Services	4,891	2,416	7,307	3,560	(3,747)	48.7%	72.8%	4,669
Sport and Recreation	5,688	5,597	11,285	12,816	**1,531**	**113.6%**	**225.3%**	2,221
Public Safety	768	(242)	526	168	(359)	31.8%	21.8%	74
Housing	440	(424)	16	30	14	188.2%	6.8%	253
Planning and development	893	2,245	3,138	1,929	(1,209)	61.5%	216.0%	878
Road Transport	39,952	(19,446)	20,506	22,626	2,120	110.3%	56.6%	41,118
Electricity	30,138	950	31,088	37,403	6,315	120.3%	124.1%	32,924
Waste Management	8,118	3,672	11,791	7,824	**(3,967)**	**66.4%**	**96.4%**	7,445
Total Revenue by Vote	**203,366**	**(1,447)**	**201,919**	**209,252**	**7,333**	**103.6%**	**102.9%**	**194,024**
Expenditure by Vote ***to be appropriated***								
Executive and Council	26,675	(343)	26,331	26,043	(288)	98.9%	97.6%	21,627
Budget and Treasury Office	20,650	(955)	19,695	18,683	(1,012)	94.9%	90.5%	15,525
Corporate Services	16,369	9,392	25,761	17,057	(8,705)	66.2%	104.2%	10,836
Community and Social Services	11,192	(1,568)	9,624	7,649	(1,975)	79.5%	68.3%	7,206
Sport and Recreation	430	2	432	345	(87)	80.0%	80.3%	243
Public Safety	766	8	774	56	(718)	7.3%	7.3%	14
Housing	11,590	(9,708)	1,881	1,402	(479)	74.5%	12.1%	1,393
Planning and development	13,555	3,058	16,613	15,098	(1,516)	90.9%	111.4%	11,647
Road Transport	38,178	(257)	37,921	30,493	(7,428)	80.4%	79.9%	27,066
Electricity	35,883	(304)	35,579	30,866	(4,713)	86.8%	86.0%	31,106
Waste water management	827	(104)	723	–	(723)	-	-	–
Waste Management	14,387	(668)	13,719	13,471	(248)	98.2%	93.6%	10,924
Total Expenditure by Vote	**190,503**	**(1,449)**	**189,054**	**161,163**	**(27,891)**	**85.2%**	**84.6%**	**137,587**
Surplus/(Deficit) for the year	**12,862**	**2**	**12,865**	**48,089**	**35,224**	**373.8%**	**373.9%**	**56,437**

APPENDIX E - Unaudited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE

Description R thousand	2014/2015 Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2013/2014 Restated Audited Outcome
Revenue By Source								
Property rates	4,521	1,680	6,201	4,607	(1,594)	74.3%	101.9%	4,492
Service charges	23,163	800	23,963	29,279	5,315	122.2%	126.4%	26,052
Rental of facilities and equipment	295	–	295	614	319	208.3%	208.3%	478
Interest earned - external investments	6,000	–	6,000	10,512	4,512	175.2%	175.2%	8,881
Interest earned - outstanding debtors	898	150	1,048	1,970	921	187.9%	219.3%	1,544
Fines	64	–	64	421	358	662.2%	662.2%	34
Licences and permits	1,208	–	1,208	1,301	93	107.7%	107.7%	1,548
Agency services	2,228	–	2,228	575	(1,653)	25.8%	25.8%	1,956
Transfers recognised - operational	119,988	2,279	122,266	124,358	2,091	101.7%	103.6%	111,527
Other revenue	387	1,746	2,132	7,981	5,849	374.3%	2064.7%	1,824
Gains on disposal of PPE	–	–	–	–	–	-	-	–
Total Revenue (excluding capital transfers and contributions)	**158,751**	**6,654**	**165,406**	**181,616**	**16,210**	**2485.7%**	**114.4%**	**158,337**
Expenditure By Type								
Employee related costs	55,967	5,807	61,774	54,496	(7,278)	88.2%	97.4%	48,400
Remuneration of councillors	10,630	130	10,760	10,399	(361)	96.6%	97.8%	9,580
Debt impairment	4,569	–	4,569	4,554	(14)	99.7%	99.7%	5,093
Depreciation & asset impairment	17,105	10,797	27,902	20,963	(6,939)	75.1%	122.6%	11,794
Finance charges	1,639	–	1,639	1,341	(298)	81.8%	81.8%	1,281
Bulk purchases	28,545	–	28,545	20,079	(8,465)	70.3%	70.3%	19,424
Transfers and grants	150	333	483	480	(3)	99.3%	319.7%	111
Other expenditure	70,975	(17,593)	53,383	48,587	(4,796)	91.0%	68.5%	39,986
Loss on disposal of PPE	–	–	–	264	264			1,918
Total Expenditure	**189,580**	**(526)**	**189,054**	**161,163**	**(27,891)**	**-35955.3%**	**85.0%**	**137,587**
					–	**-**	**-**	
Surplus/(Deficit)	**(30,829)**	**7,180**	**(23,649)**	**20,453**	**44,101**	**-86.5%**	**-66.3%**	**20,751**
Transfers recognised - capital	44,614	(8,101)	36,513	27,636	**(8,877)**	**75.7%**	**61.9%**	35,686
Contributed assets	–	–	–	–	**–**	**-**	**-**	–
Surplus/(Deficit) for the year	**13,786**	**(921)**	**12,865**	**48,089**	**35,224**	**373.8%**	**348.8%**	**56,437**

APPENDIX E - Unaudited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2014/2015							2013/2014
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote					–	-	-	
Multi-year expenditure					–	-	-	
Vote 1 - Executive & Council	–	–	–	–	–	-	-	–
Vote 2 - Planning & Development	–	–	–	–	–	-	-	–
Vote 3 - Corporate Services	–	–	–	–	–	-	-	–
Vote 4 - Budget & Treasury	–	–	–	–	–	-	-	–
Vote 5 - Road Transport	13,163	(7,936)	5,227	12,120	6,893	231.9%	92.1%	11,048
Vote 6 - Waste Water Management	–	–	–	–	–	-	-	–
Vote 7 - Housing	–	–	–	–	–	-	-	–
Vote 8 - Health	–	–	–	–	–	-	-	–
Vote 9 - Community & Social Services	5,200	(2,883)	2,317	1,252	(1,065)	54.0%	24.1%	–
Vote 10 - Sport & Recreation	–	–	–	–	–	-	-	2,036
Vote 11 - Public Safety	–	–	–	–	–	-	-	–
Vote 12 - Electricity	–	–	–	–	–	-	-	–
Vote 13 - Waste Management	4,552	(4,252)	300	116	(184)	38.6%	2.5%	–
Vote 14 - Water	–	–	–	–	–	-	-	–
Vote 15 - Other	–	–	–	–	–	-	-	–
Capital multi-year expenditure	**22,915**	**(15,071)**	**7,844**	**13,488**	5,644	171.9%	58.9%	**13,084**
Single-year expenditure								
Vote 1 - Executive & Council	1,770	(29)	1,741	1,696	(45)	97.4%	95.8%	302
Vote 2 - Planning & Development	1,190	–	1,190	814	(376)	68.4%	68.4%	50
Vote 3 - Corporate Services	6,950	2,503	9,453	8,811	(642)	93.2%	126.8%	5,298
Vote 4 - Budget & Treasury	800	2,396	3,196	2,158	(1,038)	67.5%	269.7%	393
Vote 5 - Road Transport	3,653	12,801	16,454	3,990	(12,464)	24.3%	109.2%	24,258
Vote 6 - Waste Water Management	–	–	–	–	–	-	-	–
Vote 7 - Housing	490	(97)	393	306	(87)	77.7%	62.4%	–
Vote 8 - Health	–	–	–	–	–	-	-	–
Vote 9 - Community & Social Services	3,070	(988)	2,082	916,491.59	(1,165)	44.0%	29.9%	4,063
Vote 10 - Sport & Recreation	8,818	6,672	15,490	11,616	(3,874)	75.0%	131.7%	315
Vote 11 - Public Safety	100	20	120	38	(81)	32.2%	38.5%	714
Vote 12 - Electricity	5,130	(717)	4,413	4,094	(319)	92.8%	79.8%	1,276
Vote 13 - Waste Management	1,320	(146)	1,174	515,925.50	(658)	43.9%	39.1%	2,947
Vote 14 - Water	–	–	–	–	–	-	-	–
Vote 15 - Other	–	–	–	–	–	-	-	–
Capital single-year expenditure	**33,291**	**22,415**	**55,706**	**34,955**	(20,751)	63%	105%	**39,616**
Total Capital Expenditure - Vote	**56,206**	**7,344**	**63,550**	**48,443**	(15,107)	76%	86%	**52,701**
Capital Expenditure - Standard					–	-	-	
Governance and administration	**9,520**	**4,870**	**14,390**	**12,664**	(1,726)	88.0%	133.0%	**5,993**
Executive and council	1,770	(29)	1,741	1,696	(45)	97.4%	95.8%	302
Budget and treasury office	800	2,396	3,196	2,158	(1,038)	67.5%	269.7%	393
Corporate services	6,950	2,503	9,453	8,811	(642)	93.2%	126.8%	5,298
Community and public safety	**17,678**	**2,724**	**20,401**	**12,876**	(7,525)	63.1%	72.8%	**7,128**
Community and social services	8,270	(3,871)	4,399	916	(3,482)	20.8%	11.1%	4,063
Sport and recreation	8,818	6,672	15,490	11,616	(3,874)	75.0%	131.7%	2,351
Public safety	100	20	120	38	(81)	32.2%	38.5%	714
Housing	490	(97)	393	306	(87)	77.7%	62.4%	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**18,006**	**4,865**	**22,871**	**16,925**	(5,947)	74.0%	94.0%	**35,356**
Planning and development	1,190	–	1,190	814	(376)	68.4%	68.4%	50
Road transport	16,816	4,865	21,681	16,110	(5,571)	74.3%	95.8%	35,306
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**11,002**	**(5,115)**	**5,887**	**4,610**	(1,277)	78.3%	41.9%	**4,223**
Electricity	5,130	(717)	4,413	4,094	(319)	92.8%	79.8%	1,276
Water	–	–	–	–	–	-	-	–
Waste water management	–	–	–	–	–	-	-	–
Waste management	5,872	(4,398)	1,474	516	(958)	35.0%	8.8%	2,947
Other	**–**	**–**	**–**	**–**	–	-	-	**–**
Total Capital Expenditure - Standard	**56,206**	**7,344**	**63,550**	**47,075**	**(16,475)**	**74%**	**84%**	**52,701**
Funded by:					–	-	-	
National Government	44,614	(8,101)	36,513	–	(36,513)	-	-	20,143
Provincial Government	–	–	–	–	–	-	-	–
District Municipality	–	–	–	–	–	-	-	–
Other transfers and grants	–	–	–	–	–	-	-	–
Transfers recognised - capital	**44,614**	**(8,101)**	**36,513**	**–**	**(36,513)**	-	-	**20,143**
Public contributions & donations	**–**	**–**	**–**	**–**	–	-	-	**–**
Borrowing	**–**	**–**	**–**	**–**	–	-	-	**–**
Internally generated funds	11,592	15,445	27,037	–	(44,078)	-63.0%	-147.0%	32,558
Total Capital Funding	**56,206**	**7,344**	**63,550**	**–**	**(63,550)**	-	-	**52,701**

APPENDIX E - Unaudited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

Description	2014/2015							2013/2014
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					–	-	-	
Ratepayers and other	30,775	(8,740)	22,035	34,263	12,228	155.5%	111.3%	33,318
Government - operating	119,988	2,493	122,480	158,441	35,960	129.4%	132.0%	134,304
Government - capital	44,614	(8,101)	36,513	–	(36,513)	-	-	–
Interest	6,898	150	7,048	10,512	3,463	149.1%	152.4%	8,881
Payments					–	-	-	
Suppliers and employees	(170,032)	3,115	(166,918)	(132,126)	34,791	79.2%	77.7%	(113,122)
Finance charges	(1,639)	–	(1,639)	(1,341)	298	81.8%	81.8%	(47,389)
Transfers and Grants	(150)	(333)	(483)	(480)	3	99.3%	319.7%	(1,391)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**30,454**	**(11,417)**	**19,037**	**69,269**	**50,232**	**363.9%**	**227.5%**	**14,601**
					–	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES					–	-	-	
Receipts						-	-	
Proceeds on disposal of PPE	–	–	–	316				128
Payments					–	-	-	
Capital assets	(56,206)	(7,344)	(63,550)	(48,443)	15,107	76.2%	86.2%	(52,757)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(56,206)**	**(7,344)**	**(63,550)**	**(48,127)**	**15,424**	**75.7%**	**85.6%**	**(52,629)**
					–	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES					–	-	-	
Receipts					–	-	-	
Increase (decrease) in consumer deposits	82	(79)	3	120	118	4792.6%	146.9%	169
Payments					30,649	-	-	
Repayment of borrowing	(827)	35	(792)	(792)	(0)	100.1%	95.8%	(793)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(745)**	**(44)**	**(789)**	**(672)**	**117**	**85.1%**	**90.2%**	**(624)**
					–	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	(26,498)	(18,805)	(45,303)	20,470	65,773	-45.2%	-77.3%	(38,652)
Cash/cash equivalents at the year begin:	105,448	57,542	162,990	162,990	–	100.0%	154.6%	154,253
Cash/cash equivalents at the year end:	78,950	38,737	117,687	183,460	65,890	155.9%	232.4%	162,990